

U.S. Department of Justice

Washington, DC 20530

**Exhibit B to Registration Statement****Pursuant to the Foreign Agents Registration Act of 1938, as amended**

**INSTRUCTIONS.** A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements, or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. Compliance is accomplished by filing an electronic Exhibit B form at <https://www.fara.gov>.

**Privacy Act Statement.** The filing of this document is required for the Foreign Agents Registration Act of 1938, as amended, 22 U.S.C. § 611 *et seq.*, for the purposes of registration under the Act and public disclosure. Provision of the information requested is mandatory, and failure to provide the information is subject to the penalty and enforcement provisions established in Section 8 of the Act. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, copy of informational materials or other document or information filed with the Attorney General under this Act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, DC. Statements are also available online at the Registration Unit's webpage: <https://www.fara.gov>. One copy of every such document, other than informational materials, is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of any and all documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. The Attorney General also transmits a semi-annual report to Congress on the administration of the Act which lists the names of all agents registered under the Act and the foreign principals they represent. This report is available to the public in print and online at: <https://www.fara.gov>.

**Public Reporting Burden.** Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Counterintelligence and Export Control Section, National Security Division, U.S. Department of Justice, Washington, DC 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

1. Name of Registrant Waxman Consulting, Inc. DBA Waxman Strategies	2. Registration No. 6710
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3. Name of Foreign Principal

Center for International Policy (under grant from the Norwegian Agency for Development Cooperation)

Check Appropriate Box:

4. ☒ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach a copy of the contract to this exhibit.
5. ☐ There is no formal written contract between the registrant and the foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach a copy of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
6. ☐ The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and expenses, if any, to be received.

7. Describe fully the nature and method of performance of the above indicated agreement or understanding.

To reduce the impact of large-scale agricultural investments, with a particular focus on rubber production that sources its raw materials in the Mekong Region in Southeast Asia.

To reduce deforestation and protect Indigenous Peoples' rights in Latin America through organizing, communications, and policy.

## 8. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

To reduce the impact of large-scale agricultural investments, with a particular focus on rubber production that sources its raw materials in the Mekong Region in Southeast Asia.

To reduce deforestation and protect Indigenous Peoples' rights in Latin America through organizing, communications, and policy.

9. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act and in the footnote below? Yes ☒ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Reach out to academics, corporations, non-governmental organizations, civil society organizations, and others working on rubber industry issues and deforestation in Latin America.

## EXECUTION

In accordance with 28 U.S.C. § 1746, the undersigned swears or affirms under penalty of perjury that he/she has read the information set forth in this Exhibit B to the registration statement and that he/she is familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her knowledge and belief.

Date of Exhibit B	Name and Title	Signature
3/26/2020	Michael Waxman, CEO/President	<i>Michael Waxman</i>

Footnote: "Political activity," as defined in Section 1(o) of the Act, means any activity which the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.





Advancing a sustainable, just, and peaceful world

## **PARTNER AGREEMENT**

### **Reducing the Impact of Large-Scale Agricultural Investments in the Mekong Region on Communities, Forest and Climate Change**

#### **Parties**

This Agreement ("Agreement") is made and entered into this 25th day of June, 2018 by and between the Center for International Policy (CIP) a nonprofit corporation organized in Washington, DC, Waxman Strategies (Waxman), an S Corporation organized in Maryland, and Forest Trends, a nonprofit corporation organized in Delaware, each a "Party" and collectively the "Consortium Parties," to work together to achieve the goals of the Norwegian Agency for Development Cooperation (Norad) Grant MMR-17/0017 entitled "Reducing the Impact of Large-Scale Agricultural Investments in the Mekong Region on Communities, Forest and Climate Change". The terms of the Agreement are as follows:

#### **1. Background**

- 1.1.** The Consortium Parties submitted a joint project proposal to the Norwegian Agency for Development Cooperation ("Norad"), dated January 12, 2018 (affixed as Exhibit A). The purpose of the project is to reduce deforestation and land-grabbing by rubber companies in the Mekong region and drive a shift to smallholder-centered sustainable agriculture production. (the "Project").
- 1.2.** Norad approved funding of the Project for three years, beginning January 1, 2018.
- 1.3.** As the Coordinating Party of the Project, CIP entered into a grant letter agreement with Norad, dated June 06, 2018 (affixed to this Agreement as Exhibit B.)  
The Consortium Parties are entering into this Agreement to set out their mutual rights and obligations, and the mechanisms by which they will work together to carry out the Project.

#### **2. Overall Relationships of Consortium Parties**

- 2.1.** Responsibilities of Parties. The Consortium Parties shall work jointly and cooperatively to carry out the Project as described in Exhibit B. The responsibilities of each Party with respect to specific activities and deliverables for the Project are set forth in Exhibit B and in subsequent agreements and reports to Norad as provided for under Exhibit B. All

joint activities and decisions shall be decided by consensus with each Party using good faith to reach consensus.

- 2.2. **Status of the Project as Legal Entity.** The Project is not a separate legal entity, but rather, is a coordinated set of activities by independent organizations working together. Nothing in this Agreement shall be construed as creating any partnership or joint venture as a matter of law between the Members or creating any other separate legal entity. No party to this Agreement is or shall be the agent of any other party. The Consortium Parties shall have no right or authority to enter into any contract or undertaking in the name of, or for the account of, any other Party, or to assume or create any obligation of any kind, express or implied, on behalf of any other Party.
- 2.3. **Term of this Agreement.** This Agreement shall be in effect from January 1, 2018 for the duration of the Project, scheduled to be through December 31, 2020, and until all required reports (including financial audits) have been submitted to Norad. The activities covered by and expenses incurred with the Project funds must occur within the Contract Period.
3. **Coordinating Agency**
  - 3.1. In order to facilitate operation of the Project, CIP will act as a "Coordinating Agency" to be the legal recipient/grantee of funding for the Project. The Coordinating Agency will be responsible for disbursing funds to Consortium Parties in accordance with Section 4 and submitting necessary reports to Norad as detailed in Section 5 below. The amount each Consortium Party receives from each disbursement of funds from Norad shall be called its Agreement Amount.
  - 3.2. The Coordinating Agency shall also be responsible for organizing periodic conference calls and meetings, as needed to ensure that all Consortium Parties are performing their respective responsibilities, to coordinate the activities of all Consortium Parties to achieve the goals of the Project, and to prepare all reports and budgets required by Norad in the Grant Agreement affixed as Exhibit B.
  - 3.3. The overall project budget includes an administrative fee for CIP serving as the Coordinating Agency for this Project, comprised of the indirect costs of the project.
4. **Planning, Direction and Governance of Project**
  - 4.1. Except as provided in this Agreement, the Consortium Parties shall share equal responsibility with respect to decision-making and the direction

regarding reporting and budgeting for the overall Project, and shall work cooperatively and in good faith to resolve any allocations of responsibility and resources not specifically addressed in Exhibit B. This shared responsibility regarding reporting and budgeting for the overall Project shall not interfere with the right and responsibility of each Party to direct, manage and implement the components of the Project where that Party has the lead, as specified in Exhibit B, or any subsequent reports to Norad as contemplated by Exhibit B.

- 4.2. If the task or project managers for any of the Consortium Parties cannot reach mutual agreement with respect to reporting and budgeting to Norad, they shall escalate the disagreement to the respective heads of their organization(s) for resolution. The heads of their organization(s) shall meet at a mutually agreed to location and use their utmost good faith to attempt to resolve the outstanding issue(s). In the event they are not able to achieve an agreement on these reports and budgets, the Consortium Parties involved in the dispute may elect to follow the provisions of the dispute resolution mechanisms set forth in Paragraph 21 or agree to an alternative dispute resolution mechanism.

5. **Disbursement of funds**

- 5.1. **Following signature of the present agreement**, CIP shall disburse funds to the Consortium Parties within fifteen (15) days of receipt of funds from Norad in accordance with the allocation between the Consortium Parties set forth in the Norad Grant (Exhibit B).

All payments are subject to receipt of funds from the donor by CIP.

- 5.2. CIP will disburse the amount of the budget consistent with Exhibit B to Contract parties in Norwegian Krone.

The Grant shall be disbursed in advance installments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement. The second disbursement shall be subject to Norad's receipt and approval of an updated results framework.

Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.



The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.

All disbursements are conditional upon the Consortium Party continued compliance with the requirements of the Norad Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project's first year, the first disbursement each year is subject to the Norad's receipt and approval of the updated implementation plan and budget, while the second disbursement each year is subject to Norad's receipt and approval of the latest progress report and financial report.

The final disbursement will be made upon Norad's receipt and approval of the final report/financial report/audit report/an invoice covering expenditures incurred since the previous disbursement.

The Consortium Party will be required to report to CIP on the expenditure of the funds on the project as set out in Exhibits B and C and is not permitted to use the funds for any work unrelated to the project. The Consortium Party must retain financial records of the expenditure, including vouchers, receipts, bank statements, computer print-outs etc., for 7 years after completion and closure of the project.

- 5.3. In the event that Norad denies, reduces or increases funding for any specific component of the Project at any time, then the Parties shall adjust the budget for such component in accordance with Norad's instructions. To the extent that Norad changes funding for a specific component without instructions, then the Parties shall apply the change proportionally to the budget for that component alone.
- 5.4. To the extent that Norad changes funding for the Project without referencing a specific component, other than as a result of currency fluctuations, then the Parties shall adjust the budget for the entire Project in accordance with Norad's instructions. To the extent that Norad changes funding for the entire Project other than for currency fluctuations and provides no such instructions, then the Parties shall apply the change in a proportion equal to the allocation contained in Exhibit B across the entire Project budget.

## **6. Reporting and Budgeting**

- 6.1. The Consortium Parties shall work cooperatively to develop and submit the reports and updates required by Norad, as set out in Exhibit B. The Consortium Parties will work together to prepare a mutually agreeable updated Project plan and budget covering the period from January to December for submission to Norad by January 15 for each year. Changes requested of Norad by the Consortium Parties to the original budget shall require the consensus agreement of the Consortium Parties. Each Party shall be responsible for the portions of the annual progress report that pertain to Project components on which that Party has the greatest budgetary allocation in Exhibit B. When submitting reports as the Coordinating Agency, CIP shall make no material changes to report content drafted by a Party without that Party's express consent.
- 6.2. All submissions for inclusion in reports and updates required by Norad shall be provided to CIP on or before 6 weeks prior to the due date. CIP shall consolidate the reports and updates from the Consortium Parties, provide any necessary connecting and coordinating text and circulate them in a timely fashion so that there is a minimum of ten (10) days for the Consortium parties to submit comments, edits and questions to CIP.
- 6.3. CIP shall use good faith in incorporating any and all comments, edits, or questions in to the report. If substantive changes to the reports or updates they shall be circulated to the Consortium Parties for review and approval no less than three (3) days prior to submittal.
- 6.4. If issues concerning the report or updates still are unresolved, the Consortium Parties with the disputes shall meet in person at a mutually agreed location and work out the disputes in utmost good faith or resort to the dispute resolution mechanisms of paragraph 21 or such other dispute mechanism as the involved Consortium Parties agree.
- 6.5. If resolving the dispute would make the filing of the report or update late, the portion of the report or update that is not disputed shall be filed with Norad by the submission deadline, with a neutral statement in that or those portions of the report or update that is/are still in dispute, stating that the section is still being prepared and will be seasonably supplemented.
- 6.6. The Consortium Parties shall work in good faith to prepare reports and updates required by Norad to ensure that they are filed in a timely basis.

## **7. Grant Compliance**

- 7.1. All of the Consortium Parties agree that they will assist CIP in complying with certain provisions of the agreement between Norad and CIP attached to this Agreement as Exhibit B. Specifically, each Party shall:
- 7.2. Actively assist in good faith with the preparation of budgets, implementation plans, progress reports, financial reports and final reports, and any changes thereto, with respect to components of the Project implemented by Consortium Member;
- 7.3. All Consortium Parties agree to maintain full and accurate books, records, documents, and other evidence in accordance with generally accepted accounting principles to sufficiently substantiate the expenditure of the Agreement Amount. All Consortium Parties' financial management systems shall provide for the following:
  - 7.3.1. Accurate, current, and complete disclosure of the financial results for the Agreement Amount in accordance with the reporting requirements of this Agreement;
  - 7.3.2. All Consortium Parties shall maintain all funds received from Norad in support of this Project in an interest bearing account;
  - 7.3.3. All Consortium Parties shall maintain a systematic and separate accounting pool/class for funds received and expenditures incurred under this grant;
  - 7.3.4. Effective control over and accountability for all funds, property, and other assets. All Consortium Parties shall adequately safeguard all such assets and ensure that they are used solely for authorized purposes;
  - 7.3.5. Records shall clearly identify the source and information pertaining to the Agreement Amount. All accounting records shall be supported by proper approval and documentation that at minimum will identify, corroborate, segregate, and accumulate all costs incurred under the Agreement Amount;
  - 7.3.6. Comparison of actual expenditures with budget amounts under each category per approved budget; and,
- 7.4. Any accrued interest on the Agreement Amount may be used to finance the implementation of the Project during the support period.
- 7.5. Funds are provided only to support the costs approved in the budget in Exhibit B.



- 7.6. All projected changes in expenditures and reallocation of more than 10 percent than the budgeted amount in a budget line item shall be communicated within a week to CIP for Norad's approval as per conditions of the grant agreement.
- 7.7. All taxes, fees, and/or duty charges related to the expenditure of the Agreement Amount are the sole responsibility the Party expending the funds.
- 7.8. Representatives of Norad and the Norwegian Auditor General shall at all times be allowed to undertake control measures to verify that the Norad Grant is being used in accordance with Norad's agreement with CIP (Exhibit B) or to request documentation that this is occurring, and therefore, as a condition of receipt of the Agreement Amount, each Consortium Party hereby agrees to permit Representatives of Norad or the Norwegian Auditor General to visit any premises and examine any records, goods and documents related to this Agreement, expenditure of the Agreement Amount and/or the Project which are requested.
- 7.9. All Consortium Parties shall have an audit conducted on the annual Project accounts and submit the auditor's report to CIP by April 1<sup>st</sup> of each year. The audit shall be carried out by a state-authorized, chartered or certified public accounting firm in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose framework") or ISA 805 ("Special consideration audits of single financial statements and specific elements, accounts or items of a financial statement").
- 7.10. The audit must give reasonable assurance that the financial statements are free of material misstatement. The costs of the audit shall be covered by the Grant. If the auditor, submits a Management Letter (Matters for governance attention) such letter shall be attached to the auditor's report.
- 7.11. All Consortium Parties financial and audit records related to this Norad Grant shall remain available for examination, evaluation, and audit by representatives of CIP, Norad or the Norwegian Auditor General for a minimum of seven (7) years from the termination of the Project and/or expiration date of this Agreement.
- 7.12. Reviews and other follow-up measures:**
  - 7.12.1. A Review focusing on progress to date, a possible exit strategy, and an assessment of possibilities for continued partnership will

be carried out by June 2020. Norad shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review will be covered by Norad over and above the grant.

- 7.12.2. If a Consortium Party initiates a review or evaluation of activities that are wholly or partly funded by the grant, Norad shall be informed. A copy of the report of any such review or evaluation shall be forwarded to Norad without undue delay.

**8. Project and Final Reports**

- 8.1. A **progress report** covering the period from January to December shall be submitted to CIP by March 15 each year. The last year of the Support Period the progress report shall cover the period from the start of the Support Period to December 2020. The progress report shall, as a minimum, include:

- 8.1.1. an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
- show delivered outputs compared to planned outputs;
  - show the Project's progress towards achieving the Outcome;
  - if possible, describe the likelihood of the Impact being achieved.
- 8.1.2. an account and assessment of deviations from the latest approved implementation plan and Application;
- 8.1.3. an assessment of how efficiently Project resources have been turned into Outputs;
- 8.1.4. a brief account of materialized risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

The Civil Society Department's standard reporting format shall be used.

- 8.2. A **financial report** covering the period from January to December shall be submitted to CIP by March 15 each year. The financial report shall, as a minimum, include:

- 8.2.1. the accounting principles applied;

- 8.2.2. income from all sources, including bank interest. Norad's contribution shall be specified;
- 8.2.3. expenses charged/capitalized in the relevant reporting period;
- 8.2.4. expenses charged/capitalized from start-up of the Project to the end of the reporting period;
- 8.2.5. unused funds as per the reporting date;
- 8.2.6. balance sheet, when required in accordance with the accounting principles applied;
- 8.2.7. explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

Deviations between the approved budget and the expenses charged/capitalized shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

The **final financial report** shall cover the entire Support Period and shall be submitted along with the final report.

- 8.3. An **audit report** covering the annual financial statements of the Project shall be submitted to CIP by April 1st each year. The audit report shall comply with the requirements set out in the Norad grant agreement. The management letter (matters for governance attention) shall be attached to the audit report.
- 8.4. An updated **implementation plan and budget** covering the period from January to December shall be submitted to CIP by November 30 each year. The implementation plan and budget should include the content listed in Article 1 of the General Conditions of the Norad Grant and will need to be approved by Norad in writing.
- 8.5. The **annual report and audit report** of the Consortium Party shall be submitted to CIP by April 1st each year. In addition, if the auditor submits a management letter (matters for governance attention) this shall be attached to the audit report.



8.6. A **final report** for the Support Period shall be submitted to CIP no later than March 1, 2021. The final report shall, as a minimum, include:

- 8.6.1. the items listed for the progress reports described in article 8.1, covering the entire Support Period;
- 8.6.2. an assessment of the Project's effect on society (Impact);
- 8.6.3. a description of the main lessons learned from the Project;
- 8.6.4. an assessment of the sustainability of the achieved results by the Project.

The Civil Society Department's standard reporting format shall be used.

## **9. Refunds**

9.1. Repayment of interest and unused funds: Once all activities of the Project have been implemented, and after discussion with CIP, any unused funds, including accrued interests, that total more than NOK 500 shall be repaid as soon as possible, and at the latest six months after the end of the support period, according to the instruction for such eventuality outlined in Exhibit B.

## **10. Material Changes**

10.1. Consortium Parties will notify CIP of any changes due to:

- 10.1.1. Major deviations from the project document, including budget and goal hierarchy and alterations to the implementation plan of more than three months, which CIP is obligated to report to Norad in writing in advance;
- 10.1.2. A change in principal persons responsible for conducting this grant;
- 10.1.3. Force majeure that may impede or otherwise affect this grant.

10.2. CIP will use good faith to communicate these issues to Norad and to have them not affect the Consortium parties' ability to participate in the Project.

## **11. Reporting Deadlines**

11.1. If any Consortium Party is unable to meet a reporting deadline, it shall inform CIP immediately with an explanation why it cannot meet the reporting deadline.

- 11.2. Upon such notification, CIP shall seek an extension from Norad for that Consortium Party to file the report late. A late reporting by one Consortium Party shall not affect the reporting obligations of any other Consortium Party.

**12. Meetings and Communications with Norad**

- 12.1. CIP and all Consortium Parties shall include each other in all communications and meetings with Norad related to the annual and semi-annual budget submissions and progress reports for the Project.
- 12.2. CIP shall be the point of contact with Norad and if any Consortium Member wishes to communicate with Norad, they shall request that CIP arrange the call or meeting. CIP shall set up any communication requested by a Consortium Party.
- 12.3. Under no circumstances will CIP terminate its agreement with Norad for the Project or otherwise allow that agreement to lapse without the prior written consent of each of the Consortium Parties.

**13. Termination/Withdrawal**

- 13.1. Termination by Norad. In the event that Norad terminates the Project via written notice to CIP, CIP shall have the right to terminate this Agreement by providing written notice to the Consortium Party. CIP shall not be liable for payment of funds beyond those actually provided by Norad.
- 13.2. Termination by Mutual Agreement. This Agreement may be immediately terminated by mutual agreement of all Parties. Upon termination by mutual agreement, the Parties shall terminate all work, not incur any further expenses except to generate and submit any outstanding reports to Norad, and otherwise cooperate in good faith to bring the Project to a close. This agreement may be terminated for any specific Consortium Party upon mutual agreement of all Parties. If one Consortium Party seeks to terminate its participation in the Project by mutual agreement, upon termination, the terminating Party shall stop all work, not incur any further expenses except to generate and submit any outstanding reports to Norad, and otherwise cooperate in good faith to bring its portion of the Project to a close. If the terminating Party has unspent funds from the Agreement Amount, it shall return those funds to CIP to be used by the remaining Consortium Parties to advance the Project, as they mutually agree. The withdrawal of any Consortium Party shall not affect the rights and obligations of any other Consortium Party.

- 13.3. Termination for Cause. Any Consortium party may seek to terminate any other Consortium Party's participation in the Project, if the terminating Party determines in its reasonable good faith judgment that one of the following applies to the other Party: 1) fraud or criminal conduct by the other Party with respect to the subject matter of this Agreement; 2) violation of applicable laws and standards on foreign corrupt practices; 3) failure to comply with U.S. and European anti-terrorism financing laws or any UN convention or UN Security Council resolution; or 4) failure to perform material aspects of the obligations assumed by the Consortium Party in Exhibit B and/or this Agreement. In the event of a termination for cause due to failure to perform material aspects of the obligations assumed by the Consortium Party in Exhibit B or this Agreement, the defaulting party shall be given 30 days' notice to cure any failure of performance. If at the end of 30 days the defaulting Party has failed to perform material aspects of the obligations assumed in Exhibit B or this Agreement and has failed to provide the other Consortium Parties with a reasonable and good faith plan to cure the failure of performance within a reasonable period of time, the defaulting Party shall be terminated. The terminated Party shall cease expending or obligating the Agreement Amount and shall return all unspent funds to CIP to be used by the remaining Consortium Parties to advance the Project, as they mutually agree. The terminated Party may take advantage of the dispute resolution provisions in Paragraph 21 to determine whether or not termination is warranted.
- 13.4. Upon termination of a Consortium Party by agreement or for cause, CIP will notify Norad of the termination and take whatever steps may be necessary to comply with its reasonable requests and to have the remaining Consortium Members to continue to implement the Project. If the entire project is terminated, CIP shall notify Norad and the Consortium Parties will fulfill their remaining obligations with respect to the Project in good faith.
- 13.5. In the event of a demand by the donor for full or partial repayment of the grant, CIP reserves the right to reclaim a pro rata contribution by the Consortium Party to such full or partial repayment.
- 13.6. In the event of termination, any unspent funds remaining after all costs and unavoidable commitments have been met shall be returned to Norad, according to the instruction in Exhibit B.
- 13.7. Notwithstanding the foregoing, termination for any reason shall not affect rights and obligations arising prior to the termination date,



including without limitation Publicity and Intellectual Property (16), Confidentiality and Exposure of Information (17), and Limitation of Liability/Indemnification provisions (18) outlined below. Furthermore, termination shall not discharge any party to this Agreement of financial and other liabilities arising prior to termination.

**14. Procurement**

- 14.1. Any procurement undertaken during the implementation of the Project shall comply with the instructions in Exhibit B. Any procurement will be competitively evaluated and carried out in accordance with good business practice, ensuring transparency, verifiability, equal treatment, predictability and non-discrimination on the basis of nationality or local ties, so that the best combination of prices, terms and conditions may be obtained.
- 14.2. All Consortium Parties shall:
  - 14.2.1. take into account any environmental impact when planning the procurement.
  - 14.2.2. ensure that the International Labor Organization's core conventions are complied with where relevant.
  - 14.2.3. request tenderers to inform the Grant Recipient of any potential conflict of interests related to the procurement.
  - 14.2.4. enforce a strict practice towards tenderers who can be linked to professional misconduct, including:
    - 14.2.4.1. only accept tenders that affirm that the tenderer has not received any final conviction for participating in a criminal organization, or for corruption, fraud, money laundering, or any other form of economic crime;
    - 14.2.4.2. consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has received a final conviction for a criminal offence related to its professional conduct; and
    - 14.2.4.3. consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has committed a serious breach of professional or ethical standards in the line of business concerned.

- 14.2.5. When the total value of a procurement exceeds NOK 100,000 excluding VAT, the Consortium party shall keep a procurement record that documents assessments and decisions during the whole procurement process from the planning stage to the signing of the contract. The record shall include assessments and decisions regarding the above points.
- 14.2.6. All building and/or construction contracts and contracts on related services entered into under the Project shall be awarded in accordance with the Norwegian Act and Regulations on Public Procurement.

The above conditions apply equally to procurement undertaken by any cooperating partner of the Consortium Members. The contract between a Consortium Member and any cooperating partner shall include requirements equivalent to those set forth above.

- 14.3. **Property and Equipment.** The right of ownership to property, equipment and consumables procured by the use of the Grant shall vest in all of the Consortium Parties jointly. All matters associated with such property, equipment and consumables are the exclusive responsibility of the Consortium parties.

If such property is sold before the end of the Support Period, the Consortium Parties shall prepare sales records. The income from the sale shall accrue to the Project. This record shall be attached to the first report after the sale and details included in the financial reporting.

If the activities under the Project do not continue after the end of the Support period, all remaining property, equipment and goods that have been purchased by use of the Grant shall be sold and documented as described above. The income from the sale shall be repaid to Norad as set out in Exhibit B.

**15. No Detrimental Actions**

No action shall be taken by a Party under this Agreement that would result in the Coordinating Agency being in breach of obligations pursuant to the terms of Exhibit B.

**16. Publicity and Intellectual Property**

- 16.1. Each Consortium Party shall be responsible for public communications regarding elements of the Project that they are leading. Where CIP and any Consortium Party are actively implementing a particular Project element, the Parties involved shall consult each other in advance

concerning all public communications. Each Party shall have ownership and other intellectual property with respect to any materials developed by that party for the Project. Works created through active collaboration of both CIP and any Consortium Parties shall be jointly owned by CIP and the Consortium Party that created it. No Party shall disparage another, nor use the trade name or marks of another Party without the owner's prior written consent.

- 16.2. Each Consortium Party is the sole and exclusive owner of its source documents and any information or materials provided to any other Consortium Party under this Agreement. Each Consortium Party is also the sole and exclusive owner of its name, logo, and other proprietary materials. Each Consortium Party shall not use any other Consortium Party's name, logo or other proprietary materials in any manner including on publications, websites or press releases without the express written consent of that Consortium Party.
- 16.3. Each Consortium Party shall not use, nor authorize others to use, the name, symbols, or marks of any other Consortium Party, including, without limitation, in any press release or public announcement, or in the promotion of any product or service, without that Party's prior written approval.
- 16.4. Norad is also the sole and exclusive owner of its name, logo, and other proprietary materials. No Consortium Party shall use Norad's name, logo or other proprietary materials in any manner including on publications, websites or press releases, except in accordance with rules established by all Consortium Parties concerning the use of Norad's name.
- 16.5. If a Consortium Party meets the agreed upon criteria to use Norad's name, logo or other proprietary materials in public communications related to the Project, that Party shall include an appropriate acknowledgement of the support of Norad and expressly indicate that the communication "does not necessarily reflect the views or opinions of Norad."

## **17. Confidentiality and Disclosure of Information**

All Consortium Parties acknowledge that information and materials regarding any other Consortium Party's work, programs, strategies, operations, donors, finances, and activities are confidential, and agrees that it shall treat as confidential and properly safeguard any such information and material which it obtains or to which it has access as a result of the Project which the Consortium Party designates as "confidential". No Consortium Party shall divulge to any third

party the contents of any data, reports, records, information, work product, designs, or other materials or information produced under this Agreement or provided to it by any other Consortium Party in connection with this Agreement or the Project, without the prior written consent of that Party.

**18. Limitation of Liability/Indemnification**

- 18.1. Limitation of Liability. In no event whatsoever shall any Consortium Party be liable to any other Consortium Party for any incidental, indirect, special, consequential or punitive damages or lost profits under any tort, contract, strict liability or other legal or equitable theory arising out of or pertaining to the subject matter of this Agreement. In all other cases, each Consortium Party's liability to any other for any matter pertaining to the subject matter of this Agreement shall be limited, to the fullest extent permissible by law, to the total Compensation paid by Norad to the Consortium Party pursuant to this Agreement.
- 18.2. Indemnification. All Consortium Parties agree to indemnify and hold harmless all other Consortium Parties, and their employees, representatives, officers, directors and agents from any and all liability, loss, damage, claim, cost, or expense, including reasonable counsel fees and expenses, paid or incurred by reason of that Consortium Party's breach of any of the obligations, covenants, representations or terms contained in this Agreement or by reason of its intentional or negligent conduct relating to performance of this Agreement.
- 18.3. Insurance. Consortium Parties are responsible for their own insurance against all eventualities arising from the Project caused by their intentional or negligent acts. Each Consortium Member accepts no responsibility for liability or personal injury, loss of goods or articles, or any other accident incurred by another Consortium Member unless caused by its intentional or negligent act.

**19. Warranties**

- 19.1. 19.1 Each Consortium Party warrants that it has full power and authority to enter into and perform this Agreement.
- 19.2. Each Consortium Party warrants that all material it will produce in connection with this Agreement is original with that Consortium Party, and that Consortium Party's work shall not infringe any copyright, defame any person or entity, or violate the privacy rights or any other right of any person or entity.

- 19.3. In performing services under this Agreement, each Consortium Party warrants that it will act in conformance with prevailing ethical standards applicable to its usual conduct and to the customs and practices of persons and entities engaged in similar activities.
- 19.4. Each Consortium Party agrees to complete to the best of its ability all aspects of the Project, including work and work products, assigned to it in Exhibit B and this Agreement, and to do so in a timely manner and in accordance with prevailing professional standards.
- 19.5. Each Consortium Party warrants that it is presently, and will remain, for the Term of this Agreement, free from any commitments or conflicts of interest that would impair its performance of the Services in accordance with this Agreement and the obligations set forth in Exhibits B and C.
- 19.6. Each Consortium Party certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in providing these Services by any U.S. Federal department or agency. Each Consortium Party further certifies that if, at any time after execution of this Agreement, it becomes aware that it is on, or is being added to a U.S. Federal department or agency debarment list, it will provide notice of such to all other Consortium parties within forty-eight (48) hours of its becoming aware of this fact carrying out and performing Services under this Agreement, each Consortium Party agrees to comply with all applicable anti-bribery and anti-corruption laws in the countries where it has its principal place of business and where it provides Services under this Agreement.
- 19.7. Each Consortium Party understands and agrees to comply with the U.S. Foreign Corrupt Practices Act, as revised, which generally prohibits the offer, promise, payment or giving of anything of value either directly or indirectly to any government official for the purpose of obtaining or retaining business or any improper advantage. For purposes of this section, "government official" means any official, officer, representative, or employee of any non-U.S. government department, agency or instrumentality (including any government-owned or controlled commercial enterprise), or any official of a public international organization or political party or candidate for political office.
- 19.8. Consortium parties shall, without undue delay, inform Norad and CIP of any suspicion of financial irregularities that it becomes aware of during the implementation of the Project.

- 19.9. Consortium parties shall not during the implementation of the Project not indirectly or directly demand, receive, accept, offer or give any kind of gift, payment or benefit that could be construed as illegal or corrupt practice.
- 19.10. Each Consortium Party certifies that it shall not undertake or promote any activity that may directly or indirectly support terrorists, acts of terrorism, or other violent activity, and it shall take reasonable steps to ensure that no person or entity expected to receive funds or other support in connection with this Agreement is named on any list of suspected terrorists or blocked individuals maintained by the government of the United States of America.

**20. General Provisions**

- 20.1. Legal Compliance. Each Consortium Party shall comply with all applicable laws and regulations relating to activities conducted as part of the Project.
- 20.2. Assignment and Subcontracts. No Consortium Party may assign to any third party any rights under this Agreement without the express prior written consent of the other Consortium Parties. Each Consortium Party may at its discretion engage qualified subcontractors to help implement discrete aspects of the Project consistent with this Agreement, including its exhibits. The Consortium party will engage in written agreements with subcontractors requiring compliance with the obligations of the agreement, particularly with regard to reporting, audit, procurement and anti-corruption measures.
- 20.3. Entire Agreement. This Agreement, including the Exhibits thereto, state the complete understanding of the Consortium Parties with regard to carrying out the Project, and it supersedes any prior or contemporaneous understandings, oral or written, with respect to the same subject matter. Any amendments to this Agreement must be in writing and signed by all Consortium Parties.
- 20.4. No Third-Party Beneficiaries. No provision of this Agreement shall in any way inure to the benefit of any third-party so as to constitute such party as a third-party beneficiary of the Agreement or otherwise give rise to any cause of action to any party.
- 20.5. Counterpart Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. The Consortium Parties

are entitled to rely on a counterpart executed and delivered by facsimile to the same extent as a counterpart with an original signature.

- 20.6. Notices. All notices pertaining to this Agreement shall be in writing and shall be transmitted either by personal hand delivery, by bonded nationally recognized overnight delivery, or through the Postal Service by registered or certified mail, return receipt requested, by any Consortium Party in hand to the other. The addresses set forth below for the respective parties shall be the places where notices shall be sent unless written notice of a change of address is given:

**For CIP:**

Attn: Salih Booker  
The Center for International Policy  
2000 M Street, NW, Suite 720  
Washington, DC 20036

**For Waxman:**

Attn: Michael Waxman  
Waxman Strategies  
1900 M St. NW, Third Floor  
Washington, DC 20036

**For Forest Trends:**

Attn: Michael Jenkins  
1203 19th Street, NW  
Washington, DC 20036

**21. Dispute Resolution**

The Parties agree that in the event of a dispute related to the Project of this Agreement, that the heads of the Consortium Parties shall meet at a mutually agreed to location and use their utmost good faith to attempt to resolve the outstanding issue(s). If those efforts fail, the Consortium Parties agree to submit any unresolved disputes concerning the Project, the interpretation of this Agreement (including the Exhibits thereto), including claims for violations of applicable statutes, regulations or contractual and common law rights, to arbitration via an international arbitration service.

**22. Controlling Law; Severability and Venue**

This Agreement shall be governed by laws of the District of Columbia, USA, including the provisions governing the appropriate forum and law for resolution of the dispute. In the event that any portion of this Agreement is held to be unenforceable, such portions shall not limit or otherwise modify or affect any



other portion of this Agreement.

**23. Acceptance of Terms and Conditions of Norad Grant**

All Consortium Parties agree to conduct the Project in accordance with the terms and conditions of the Norad Grant. A copy of the terms and conditions of the Norad Grant to which each Consortium Party agrees to be bound by, not included in the body of this Agreement, are affixed hereto as Exhibit B: Norad Grant Agreement. CIP shall communicate and consult Consortium Parties on any amendments to this Grant Agreement.

**24. Acceptance of This Agreement**

By signing this agreement, all Consortium Parties, or their duly authorized representatives, have reviewed and agree to be bound by these provisions.

**[SIGNATURE PAGE FOLLOWS]**

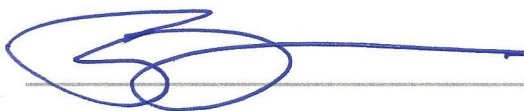
**Attachments: Exhibit A (Norad Grant Proposal) Exhibit B (Norad Grant Agreement)**

Signature block for all Parties to the Project.

CENTER FOR INTERNATIONAL POLICY

Date:

Signature:

A handwritten signature in blue ink, appearing to be "Salih Booker", written over a horizontal line.

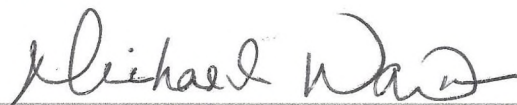
6/27/2018

Salih Booker  
Executive Director

WAXMAN STRATEGIES

Date:

Signature:

A handwritten signature in black ink, appearing to be "Michael Waxman", written over a horizontal line.

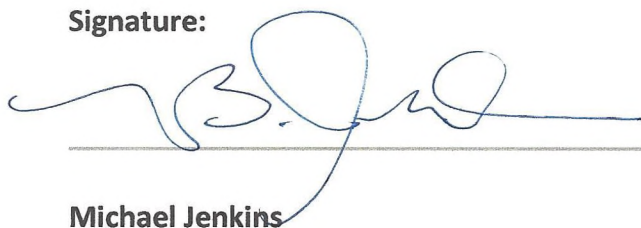
7/12/2018

Michael Waxman  
President & CEO

FOREST TRENDS

Date:

Signature:

A handwritten signature in blue ink, appearing to be "Michael Jenkins", written over a horizontal line.

7/12/2018

Michael Jenkins  
CEO

Washington, DC

# **Reducing the impact of large-scale agricultural investments in the Mekong region on communities, forests and climate change**

A proposal for the Norwegian International Climate and Forests Initiative



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## Section One: Information about the organization

### 1.1.0 Basic information about the applicant

Name:	Center for International Policy (CIP)
Legal status and type of institution:	International NGO, 501(c)3 organization
Year of establishment:	1975
Contact person with email and phone number:	Sonya Jubar Carter, <a href="mailto:sonya@ciponline.org">sonya@ciponline.org</a> , 202.232.3317 ext. 111
Location of head office:	Washington, D.C.
Country:	United States of America
Full postal address of the head office:	2000 M Street NW, Suite 720 Washington, D.C. 20036
Website:	<a href="http://www.ciponline.org">www.ciponline.org</a>
Have you applied for Norad/CFI funding before?	Yes
Is the proposed project a continuation of a previously or currently Norad funded project?	No

Annual income of organization in the last three years (in NOK) including income source (name of donors):

2013	2014	2015
<b>USD:</b> Total Revenue: \$5,032,876	<b>USD:</b> Total Revenue: \$4,734,517	<b>USD:</b> Total Revenue: \$5,555,498
Total Expenses: \$5,009,704	Total Expenses: \$4,670,900	Total Expenses: \$5,552,095
<b>NOK:</b> Total Revenue: 42,776,653.70	<b>NOK:</b> Total Revenue: 40,232,574.78	<b>NOK:</b> Total Revenue: 47,178,412.87
Total Expenses: 42,576,737.74	Total Expenses: 39,681,408.17	Total Expenses: 47,149,513.91



**CIP major donors include:**

Ministry of Foreign Affairs Norway, Open Society Foundations, The William and Flora Hewlett Foundation, Omidyar Network Fund, Finland Ministry for Foreign Affairs, Norad, The Colombe Foundation, The Uplands Family Foundation, The David and Lucile Packard Foundation, and the Arca Foundation.

**Applicant's experience and results achieved with REDD+ and relevant development work:**

The Center for International Policy has done extensive work on REDD+, initially through its [Avoided Deforestation Partners](#) (AD Partners) program (described below), and more recently with its Mighty program that works to break the link between agriculture and deforestation around the world.

**AD Partners:** Founded in 2007, AD Partners is a respected convener of highly influential organizations working on effective and practical policies that protect U.S. and international forests. AD Partners assisted with the U.S. Government's 2009 one-billion-dollar pledge to support REDD+, which U.S. Secretary of Agriculture Tom Vilsack announced at the AD Partners COP 15 symposium in Copenhagen. To maintain and advance support for REDD+ in U.S. policy, AD Partners hosted several high-level informational hearings on Capitol Hill and worked closely with NGO partners to educate the U.S. administration and Congress about the benefits of REDD+. AD Partners organized and conducted major high-level symposia at COP 15, 16, 17, and the Rio+20 Earth Summit. AD Partners events have featured Ban Ki-moon, Secretary-General of the UN; Barack Obama, President of the United States; Jens Stoltenberg, Prime Minister of Norway; Prof. Wangari Maathai, 2004 Nobel Peace Prize Laureate; Dr. Jane Goodall, founder, the Jane Goodall Institute; George Soros, founder, Open Society Foundations; Robert Zoellick, president, World Bank; Sir Richard Branson, founder, the Virgin Group; Rob Walton, board chairman, Wal-Mart; Jim Rogers, chairman and CEO, Duke Energy; Michael Morris, chairman and CEO, American Electric Power; and many others. More recently, AD Partners has worked to raise the visibility and urgency of forest conservation by assisting with the creation of the Emmy Award-winning documentary *Years of Living Dangerously*, which focused on the need for expanded private sector and government action to protect forests in Indonesia and elsewhere.

**Mighty Earth** is a global campaign organization that works to protect the environment. We are inspired by the wonder of Nature and the potential for ordinary people to band together to achieve outsized, unexpected results. We focus on the big issues: conserving threatened landscapes like tropical rainforests, protecting oceans, and solving climate change.

Rooted in building grassroots movements, our core team has an impressive record of success. Our campaigns have played a leading role in persuading the world's largest food and agriculture companies to adopt policies to eliminate deforestation and human rights abuse from their supply chains. And our Chairman, former Congressman Henry Waxman, is responsible for some of the most important environmental legislation of the last 50 years, notably the 1990 re-authorization of the Clean Air Act and the Safe Drinking Water Act.

Since its inception, Mighty has quickly grown to be a far-reaching and impactful global investigative and campaign organization. In just two years, we have launched major agriculture investigations around the world focused on: the soy industry in Latin America, the cocoa industry in West Africa, and the meat industry in North America. We have released seven reports highlighting deforestation and have engaged hundreds of major brands and producers on their practices. Recent victories include major campaigns and investigations into deforestation such as by Korean-Indonesian palm oil, pulp and paper conglomerate Korindo, which culminated in the widely-read report [Burning Paradise](#) and a series of press conferences, lectures, and street actions in both Indonesia and South Korea. Mighty's report and investigation about the operations of the "world's largest farmer" [Olam International](#) led to Olam applying strong forest conservation standards to third party palm oil

suppliers in Asia, and suspending deforestation in Gabon for palm oil and rubber. Mighty's work to uncover deforestation driven by the chocolate industry also led to a commitment to end deforestation for cocoa in West Africa that was signed by 22 leading companies in the industry, as well as helped to shape and improve new "No Deforestation" policies in the two major cocoa-producing nations of Ghana and Cote d'Ivoire.

**Are the applicant/ partner(s) in the proposed project involved in other applications to the NICFI funding scheme for civil society 2016-2020?**

The Center for International Policy is not. The Waxman team is part of a consortium led by the National Wildlife Federation for a project entitled "The Zero Deforestation Revolution: Breaking the Link Between Commodity Agriculture and Forest Loss," and a consortium led by the European Federation for Transport & Environment entitled "Shifting the World to Deforestation-free Biofuels Policy." Forest Trends is a current NICFI grantee for the project entitled "Advancing Global Forest Governance: Ending Illegal Deforestation, Forest Conflict and the Associated Mekong Timber Trade and Defending the Living Amazon for Humanity." This project focuses primarily on timber trade, and lays a solid methodology and existing network for expanding into agricultural / rubber supply chains.

### **1.2.1 Applicant's systems for quality assurance**

CIP's grant management procedures include quarterly reviews of programmatic tasks against grant agreements and timelines, as well as a comparison of project tasks and results against budget projections and spending. During these reviews, our staff, using the results framework, will evaluate our performance to date, the project timeline, outputs and activities, as well as the budget and associated agreement documents and check these against actual spending and project results. This ensures that any problems or challenges are identified promptly and addressed. These assessments are conducted internally throughout the grant period.

CIP staff work closely with partners as they develop their budgets to ensure that the necessary spending needed to accomplish the project's goals is reflected. To ensure that adjustments are addressed promptly, the team will conduct regular meetings and phone calls with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this.

The project leader at CIP will lead the execution of the project and will be empowered to make decisions within the context of the proposal's results framework and budget (see attached). The project leader will work with staff responsible for grant implementation to ensure effective financial management of grant partners and sub-grantees. Our staff work closely with partners as they develop their budgets, to ensure that the necessary spending needed to accomplish the project's goals is reflected. In order to ensure that adjustments are addressed promptly, the team will conduct regular meetings/communications with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this. Major strategic decisions or significant revisions to the project plan and results framework will be undertaken only with approval of CIP's Mighty Earth program CEO, in consultation with project partners and Norad. As discussed, we will meet with Norad on a quarterly basis. These systematic updates by phone and in-person will guarantee that strategic decisions are made with the input of all relevant stakeholders.

### **1.2.2 Applicant's results management and systems for monitoring, assessment, reporting and evaluation**

As described above, by keeping meticulous records and regularly comparing programmatic tasks and performance against grant agreements and calendars, CIP ensures that all projects undertaken are properly

evaluated and checked against the results framework. Working to stay on-time, on-budget and on-point, we review our work systematically throughout an agreement, evaluating it against commitments made and we expect our grant partners and sub-grantees to do the same. To ensure that that takes place we create Memorandums of Understanding where we clearly outline expectations, as well as institute audit and due diligence processes. In addition to that, frequent communications and meetings with partners ensure we are on task and effective in our evaluations.

In CIP's data collection, analysis, and reporting, measures will be taken to consider indicators related to community strengthening and smallholder livelihoods. Annual and final reports to Norad will also reflect a deeper examination of disparate effects on different sexes because of program implementation.

Our grant management procedures include regular reviews of programmatic tasks against grant agreements and timelines, as well as a comparison of project tasks and results against budget projections and spending. During quarterly reviews, our staff will evaluate our performance to date, the project timeline, targets, indicators, outputs and activities, as well as the budget and associated agreement documents, and check these against actual spending and project results. To understand progress against baselines, we will use the best available resources and check against scientific literature and new analyses including academic, NGO, and government reports, as described in the results framework. These assessments are conducted internally throughout the grant period. Annual and quarterly meetings will be arranged with partners to discuss progress on the project, including relevance to the results framework. We are also happy to convene regular in-person and phone meetings with Norad to update on this progress. In instances where any adjustments to work plans are identified, CIP will consult Norad. Financial expenditures will follow safeguards discussed below (see section 1.2.3 and 1.2.4) and these requirements will be passed on to partners and regularly monitored.

CIP will develop written reports for Norad in collaboration with our partners and according to Norad's reporting schedules. These reports will cover results, spending and activities consistent with the attached results framework and budget. We commit to report according to Norad's reporting guidelines and in the requested frequency: yearly progress reports and one final report covering the full period of the grant. For the final report covering the full period of the grant we will hire a monitoring and evaluation specialist, as noted in our budget.

### **1.2.3 Applicant's internal financial management systems**

CIP will be the lead manager of project funds. The Director of Finance and Operations will be responsible for managing the internal financial systems for the project and for financial reporting. CIP has been a responsible steward of NORAD funds since 2009. We have strong policies and procedures in place, including NORAD specific audits, to ensure that funds are used for their designated purposes. For the last four years, CIP has received the Charity Navigator's 4-star rating (the highest rating possible), a true testament to our fiscal responsibility. To this end, CIP and principal partners will work closely to develop high-quality reports, which will include a narrative report, matrix of indicators and a financial report.

CIP will put into place a Memorandum of Understanding with partners and sub-grantees to outline expectations for financial reporting consistent with Norad guidelines and expectations. For instance, we will require partners to submit all financial reporting for the project one month in advance of its due date for thorough review. We keep written records of all contracts and other important written materials relevant to the project. Consistent with Norad guidelines, we will engage in competitive bidding for large projects.

CIP will make available to Norad financial documentation related to the project. CIP has a strict internal expense policy and automatic expense-monitoring system to track expenses to ensure value for money. In addition, we have in place an automatic expense-monitoring system to track expenses and ensure they are in



line with expectations on a rapid basis. In our reporting, we will include a narrative report (description of activities at outcome level according to Norad's result chain), matrix of indicators and financial report including detailed expenses of CIP and partners.

#### **1.2.4 Applicant's internal systems for disclosing and reporting corruption and financial irregularities**

CIP has strong internal controls in place to prevent, detect and report fraud and corruption. Management is responsible for developing and executing mitigating controls to address fraud risks while ensuring controls are executed efficiently by competent and objective individuals and that individual's level of authority is commensurate with his or her level of responsibility. All funds are accounted for as a result of the system described in the previous two points. All fixed costs such as staff and overheads are directly managed by the Project Lead and are scrutinized and approved by the board. Management is also responsible for the preparation and fair presentation of the organization's financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Project Director may approve expenses up to \$5,000. Any expenses greater than that will require approval from the CEO of the Mighty Earth program and expenses greater than \$50,000 will also receive approval from the executive director of CIP. In addition, expenses will be undertaken in compliance with Norad's guidelines. A financial audit is also performed for CIP on a yearly basis and conducted in accordance with auditing standards accepted in the United States of America, and in accordance with International Standards on Auditing. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

CIP works under the principal of a set of ethical guidelines and complies with United States of America Labor Regulation. CIP's internal systems for disclosing and reporting corruption or wrongdoing are framed by its governance policies and guidelines. CIP has also put in place systems for monitoring its partners to which it issues subawards to carry out specific portions of a project or award. CIP uses a risk-based approach to determine the level of monitoring activities it will engage in necessary to ensure subrecipient compliance with meeting (a) relevant standards, including preventing misreporting, fraud or corruption, and (b) the terms of the subaward agreement. The risk assessment considers the dollar exposure of the subaward and the potential offsetting number of mitigating controls the subrecipient is able to demonstrate. This approach calibrates the efforts CIP deploys to oversee subrecipient compliance with the identified levels and areas of risk specific to the subrecipient in question.

CIP and partners work to fight corruption around the world. As such, we expect the highest ethical standards from our own team members and partners, and will work to ensure an organization that is free of corruption and that advances ethical practices more broadly. Team members are supported in immediately reporting any evidence of corruption or unethical behavior, and take preemptive steps to avoid situations that are exposed to corruption. CIP takes any steps possible to protect whistleblower confidentiality where desired.

#### **1.2.5 Applicant's systems for knowledge management in the project**

Collectively, we will share knowledge, strategies and insights to build collaborative campaigns with multiple organizations across the globe. We foster collaboration and cooperation with frequent phone conferences, meetings, and web-based collaboration and sharing tools. As a result, we have built a large amount of trust with our members and funders.

As project leader, CIP commits to establishing smooth functioning of partnerships by setting up bi-monthly team teleconferences and information-sharing architecture (such as Dropbox and Google Drive). CIP will also conduct annual meetings to discuss implementation and agree upon annual objectives, actions and deliverables for each partner per year, that are also discussed and agreed with Norad.

Establishing the relationship between the partners and sub-grantees of this project, and Norad, is a collaborative and iterative learning process, where capacity for understanding and applying new recommendations will grow. The outcomes of this project will create tools in the form of new public-private partnerships, policy/working agreements, and educational media materials that will help both public and private sector actors more effectively design and implement sustainable agriculture and REDD+ policies. We have well-developed systems for convening, inspiring, collaborating, consensus-gaining and communicating – we believe that the judicious implementation of these systems will move REDD+ projects forward. Through working groups established throughout this project, we will share lessons learned and best practices with the business community (through the Consumer Goods Forum), with NGOs and relevant government agencies.

Forest Trends will contribute to project management by drawing on its extensive track record as a knowledge-building and knowledge-sharing institution which identified research targets as those most likely to impact policy discussions. This model of “fact-based policy advocacy” in the Mekong region, brings together government, civil society and private sector representatives to jointly identify and analyze new data pertaining to issues of joint concern related to sustainable and legal resource use, as well as markets and finance (see “National Actors”, below). This model has also allowed Forest Trends to inform donors looking to expand their forest sector portfolio. For example, Forest Trends brought to light the increasing proportion of exported timber from the Mekong sourced from forest conversion rather than selective logging, which has generated considerable momentum for an EU-led action plan on deforestation that addresses legality of conversion timber and agricultural commodities sourced from illegal converted lands.

**Internal project partners:** CIP as the project lead will set up bi-monthly team teleconferences and quarterly telephone updates with NORAD to report on strategy and progress. CIP will lead in the organization of annual meetings to discuss implementation progress, including project and partner annual objectives, actions and deliverables, as well as any updates to the overarching project theory of change, exit strategy, and evolving risks. We will hold at least semi-annual in-person meetings of the primary consortium partners, and annual meetings that include key sub-grantees (and other partners) as well.

**Norad:** We will provide Norad with regular updates on the progress project, and propose to hold annual in-person meetings with Norad, and more frequent telephone calls to discuss project implementation and any other issues. We recommend a quarterly update – in person or on telephone – to provide us the opportunity to share updates on the strategy, overarching project theory of change updates, and evolving risks. In addition, we will provide formal annual narrative and financial reports to Norad.

**National actors:** We will use a “fact-based policy advocacy” approach to knowledge management and sharing which will be focused on bringing together national government, civil society, and private sector representatives to create buy-in for project delivery. Beginning this dialogue at the research *design* phase helps to not only access powerful stakeholders and create buy-in for eventual results; it also provides assurances for less powerful actors to participate, and helps secure data that would otherwise be difficult to obtain. Furthermore, linking research and design with policy-makers through local partners and affected communities helps marginalized stakeholders gain capacity and knowledge to continue the process once donor funding ends. This approach has proven successful in both its influence on policy formulation and its creation of ongoing engagement with stakeholders (e.g. in Vietnam’s wood processing industry and with national FLEGT and REDD+ networks).

**International actors:** The outcomes of this project will create tools in the form of new public-private partnerships, policy/working agreements, and educational media materials that will help both public and

private sector actors more effectively design and implement sustainable agriculture and REDD+ policies. We have well-developed systems for convening, inspiring, collaborating, consensus-gaining and communicating – we believe that the judicious implementation of these systems will move REDD+ projects forward. Through working groups established throughout this project, we will share lessons learned and best practices with the business community (through the Consumer Goods Forum), with NGOs and relevant government agencies.

### **1.3.0 Partner organisations**

#### **1.3.1 Applicant's strategy for choosing partners:**

CIP was careful to seek out partners for this project whose teams have exceptionally strong records of achieving remarkable results in reducing deforestation and protecting land rights, and also bring specific necessary skills to this project in campaigning, investigation, legal strategies, communications, high-level negotiations, government policy, and regional expertise. We are fortunate to have worked extensively with both of our primary partners. Waxman Strategies makes important contributions to our Mighty program's efforts to drive private sector and government action to protect forests and land rights in Southeast Asia, Africa, and Latin America. Forest Trends has significant experience in the Mekong (particularly in Vietnam in Myanmar), strong relationships with government decision-makers, extensive policy expertise, and a long track record of hard-hitting, credible supply chain / trade data analysis.

#### **1.3.2 Short presentation of partner organisations in the applied project**

##### **CIP/Mighty**

**Salih Booker** is the Executive Director of the Center for International Policy. He has more than thirty years of experience in international affairs and US foreign policy, including leadership of diverse international staff at several international research and advocacy organizations where he was responsible for fundraising and financial management, institutional relationships with international organizations, governments, and donors, as well research, writing, advocacy and communications on current issues in Africa, Europe, Asia, Latin America and the United States.

From 2015-2017, he was the Vice President for External Relations at the U.S. Institute of Peace. Previously, he was a special advisor to the executive secretary of the United Nations Economic Commission on Africa. Earlier, Salih directed two international human rights organizations – the Geneva-based Centre on Housing Rights and Evictions and the Washington-based Global Rights and was the founding Director of Africa Action. He was previously a Senior Fellow at the Council on Foreign Relations and served as a Ford Foundation program officer in Eastern and Southern Africa. Salih was also an Associate Director of Catholic Relief Services in Southern Africa. Earlier he served on two occasions as a Professional Staff member for the U.S. Congress House of Representatives' Committee on Foreign Affairs, and prior to that he was a Legislative Assistant for TransAfrica.

Salih was educated at the London School of Economics and Political Science, the University of Ghana and Wesleyan University.

**Kristin Urquiza** is the Mekong region director and will lead coordination efforts for the project and serve as its field director. Kristin has extensive experience in campaign and advocacy tactics. Kristin's work has generated extensive news coverage, earning her interviews on MSNBC, the New York Times, NPR, USA Today, and many others. She founded the Lifeline Antarctica campaign, which works to protect the Southern Ocean through markets campaigns and creation of Marine Protected Areas. Prior to her work with Mighty, she led Corporate Accountability International's Think Outside the Bottle Campaign and founded its Public Water Works campaign, where she mobilized over 1,000 mayors to pass resolutions at U.S. Conference of Mayors meetings that called on cities to phase out taxpayer spending on bottled water and to promote their public water

systems. To date, more than 100 municipalities, six states, and dozens of national parks have implemented the resolution. Kristin earned a BA from Yale University.

**Etelles Higonet** will provide counsel to the project. She is the African region director and legal advisor at Waxman Strategies. Prior to Waxman, Etelle worked as Greenpeace Southeast Asia Regional Research Manager on a broad range of environmental issues impacting the region. Etelle has extensive experience in the Mekong, where she started her career in 2003 working for the Royal Cambodian Government Task Force for the Extraordinary Chambers, helping set up the mechanism to try the Khmer Rouge for crimes against humanity and war crimes. While there she gained expertise on the complexities of the region from advocacy for human rights in the region, the complex and delicate balance of work to promote justice and fight impunity, in a context that was volatile, dangerous, rife with corruption, and geopolitical struggles. Before joining the Mighty Earth team Etelle was living in Asia for four years from 2012-2015 where she worked with Greenpeace Southeast Asia (GPSEA) as well as Greenpeace Thailand, Greenpeace Philippines, Greenpeace Indonesia as a consultant and then GPSEA Regional Research Director; as well as working on the side for the leading Cambodian land rights NGO, Equitable Cambodia, as their Legal Advisor, assisting in their various projects to defend indigenous and community rights and housing rights, often in the face of massive land grabs which also involved large-scale deforestation.

Etelles also has significant experience in human rights, having worked primarily in war zones and post-conflict areas throughout the world. She oversaw the analysis of human rights research projects in Iraq for the International Human Rights Law Institute. She has served as a human rights research consultant for various organizations, including UNICEF, Open Society, the Iran Human Rights Documentation Center and the Special Court for Sierra Leone. Etelle earned a BA from Yale University and a JD from Yale Law School.

**Jim Wickens** will assist with documentation for this project. He is an undercover environmental investigator with experience filming undercover in more than 50 countries. His footage has opened eyes, changed consumer practices and helped change laws and enforcement world-wide. From whale meat smuggling networks in Japan to the annual seal cull on the barren beaches of Namibia, Jim seeks to expose environmental injustice, animal abuse and human rights violations.

**Julian Oram** is a consultant for the Mighty rubber team. Julian is an independent author, strategy advisor and researcher in the field of international development, based in London, UK. Prior to becoming a freelance consultant, Julian was Head of the Land Team at Global Witness. He previously worked as senior political advisor on sustainable agriculture at Greenpeace International, and spent three years as Head of Policy and Campaigns at the World Development Movement (now called Global Justice Now). Before this, Julian worked as the Head of the trade and corporates team at ActionAid UK, as well as leading ActionAid International's work on business and human rights. Julian's areas of expertise include land rights, commodity supply chains, agro-ecology, business and human rights, corporate accountability and issues around closing civic space. Julian holds a BA in Geography with International Development Studies from the University of Sussex and a Master's degree in Rural Resources and Environmental Policy from Imperial College, University of London. In 2005, he was awarded a PhD from University College, Cork, for his thesis analyzing small farmers' responses to globalization in the Philippines.

**Waxman Strategies** is a mission driven consulting firm (S Corporation) with headquarters in Washington, D.C. and team members throughout the U.S., Europe, and Asia. It was founded in 2013, and has grown rapidly to include a team of 19 people.

Built on the legacy of Henry Waxman's storied Congressional career, Waxman Strategies is committed to delivering progressive change. By harnessing advocacy, investigation, communications and campaigns, the Waxman team has protected forests, improved access to health care and helped democratize access to technology. Waxman advises philanthropies, governments and non-profit organizations on their strategies, and their team has worked with the Government of Norway's Climate and Forest Initiative, the David and



Lucile Packard Foundation, the Climate Works Foundation, the World Bank, National Wildlife Federation, Rainforest Foundation Norway, the Arcus Foundation and many others to develop new approaches on major environmental issues.

The Waxman team has worked extensively on protecting forests and land rights in the Mekong, and during the last two years worked with the World Bank BioCarbon Fund to help encourage major rubber users to eliminate deforestation from their supply chains. Leading up to this project, Waxman team members have worked closely with NGOs and academics operating in this space to build trust, contacts, and expertise on rubber. Additionally the team has researched, investigated, and laid the groundwork for engagement with the major tire companies. As a result of their work they filed a complaint to the FSC on the deforestation related to rubber of Olam, the world's largest farmer, which compelled Olam to agree to halt all deforestation for rubber in Gabon going forward.

The Waxman Strategies staff is experienced in managing grants from governments and philanthropic foundations, including several on behalf of NGO coalitions. This includes preparing project plans, budgets and proposals at the application stage and closely monitoring and overseeing the performance of grant-funded activities once grants are awarded. Our oversight is ensured by senior staff with more than ten years of experience.

Waxman Strategies conducts close reviews of all agreements, contracts and award documents, performed by a team that includes program, finance, operations, legal and philanthropy expertise. The key personnel responsible for implementing the proposed project are:

**Glenn Hurowitz** will oversee this project. He is a recognized global leader in the work to break the link between agriculture and deforestation. He has advised the Government of Norway's Climate and Forest Initiative, the David and Lucile Packard Foundation, the World Bank Biocarbon Fund, the Climate Works Foundation, National Wildlife Federation, Rainforest Foundation Norway, the Arcus Foundation, and many others on strategies for reducing deforestation and agricultural emissions.

As the CEO of Mighty Earth, he directs campaigns that have succeeded in persuading some of the world's largest food and agriculture companies to stop longstanding deforestation and shift to more sustainable economic models. Glenn earned a BA from Yale University and is a Green Corps graduate.

**Marisa Bellantonio** will serve as the communications lead for this project. She has a diverse communications background, with experience in public relations, marketing, editorial-writing and film production. She previously worked on the Public Relations and Marketing team at CipherHealth, a technology company creating digital solutions to help healthcare organizations meet incentives set by the Affordable Care Act. Marisa played a leading role in shaping the firm's public relations strategy and executed various campaigns delivering high-quality placements in environmental and global affairs outlets.

**Lindsey Arent Schank** is a vice president of communications at Waxman Strategies and will assist in the communications efforts for this project. Lindsey has successfully elevated visibility for issues through strategic press outreach, including interviews, articles, quotes and op-ed placement in national print and broadcast outlets. Lindsey's issues appear frequently in the Wall Street Journal, New York Times, TechCrunch, Politico, Fortune, Forbes, CNBC, MSNBC and Bloomberg Television among others.

[Forest Trends](#) works to expand the value of forests to society, and promote sustainable forest management and conservation by creating market values for ecosystem services, by building the case and advocating for strategic and policy solutions.

Since 1999, the Forest Policy, Trade, and Finance Program has supported market transformations away from timber products or agricultural commodities sourced illegally – whether harvested illegally or produced on

illegally deforested land – which undermine the rule of law in so many forest-rich countries. Forest Trends provides comprehensive views of how markets, trade, economic development, land and resource rights, and legality interact. Forest Trends has extensive experience in the Mekong region and has worked closely with the governments of China, Vietnam, and Myanmar to open dialogue on cross-border illegal timber trade, helped to integrated cross-border leakage and land rights into Vietnam's FLEGT VPA (Forest Law Enforcement Governance and Trade, Voluntary Partnership Agreement) process and REDD+ national dialogues, created a global recognition of the extent and nature of illegal deforestation for large-scale, commercial agriculture. Topics of common interest (land conflict, legality of land conversion, etc.) have been used by Forest Trends to bridge the "institutional silos" between the VPA and REDD+ processes in Vietnam, typically by engaging joint national and international teams to conduct short analyses and workshops which clarify and inform both processes. Forest Trends has also fostered collaboration between officials enforcing the trade regulations against the import of illegal timber (EU Timber Regulation, US Lacey Act and Australian Illegal Logging Prohibition Act) and producer countries.

**Kerstin Canby** is the Director of Forest Trends' Forest Policy, Trade, and Finance Program and has more than 20 years' of experience on legislative, financial, and demand-side approaches to promote global trade and markets for legal timber and good forest governance, much of which has been in the Mekong region. Prior to joining Forest Trends, Kerstin worked at the World Bank with the Forest Law Enforcement and Governance Programs, coordinating the Africa FLEG ministerial process, providing training to local NGOs interested in developing independent monitoring networks, and developing forestry, protected areas and wetlands restoration World Bank loans and GEF grants. She has advised governments and stakeholders on REDD+ donor programs and FLEGT initiatives in Asia, Africa and Latin America. Kerstin holds a Masters of Environmental Management from Duke University's School of Forest and Environmental Sciences.

**Phuc Xuan To** is a Senior Policy Analyst and leads Forest Trends' work in Vietnam. He has significant expertise (and has published extensively, for both academic and policy audiences) on resource governance, cross-border timber trade, conflict, local livelihoods, and commodity markets. Phuc also serves as Chair of the Vietnam Sub-technical Working Group on Private Sector Engagement in REDD+, Senior Advisor to the Vietnam NGO FLEGT Network, Senior Advisor to the FAO Forest and Farm Facility in Vietnam, and as a member of several FLEGT-related advisory board. He has extensive connections with policy-makers in the land and forest sectors in Vietnam, and over the past half-decade has established strong partnerships with private sector actors, including timber and rubber trade associations. Phuc received his doctoral degree in Geography at Humboldt University in Berlin in 2007, where his dissertation examines the political economy of the forest sector in Vietnam, with attention given to the dynamics of access and control over forestland and forest resources. Currently, in addition to his work with Forest Trends, Phuc continues to work with ChATSEA and serves as a Research Fellow at the Asia Institute at the University of Toronto and a Research Fellow at the Resources, Environment, and Development Group, at the Australian National University's Crawford School of Public Policy.

**Kevin Woods** is a Senior Policy Advisor and will provide expert knowledge and network connections in Myanmar and the region. He is also widely recognized as a thought leader in the rubber sector in Myanmar. His research focuses on the political economy of resource extraction and conservation in mainland Southeast Asia, and Myanmar-China resource relations. He holds a M.Sc. from Yale University (School of Forestry and Environmental Studies) and is about to obtain a PhD from Univ. of Calif, Berkeley (Environmental Science, Policy and Management Department).

**Art Blundell** is a Senior Policy Advisor and will bring over 25 years of experience working on the effective governance of natural resources, and the link between conflict resolution and the environment – most recently in Myanmar. He has substantial experience in post-conflict countries, including in Liberia (chairing the sanctions monitoring panel on Liberia for the UN Security Council, and working for the EITI) and Indonesia (providing technical assistance on reform of the Indonesian mining sector to Indonesia's Corruption Eradication Commission.) He holds a Ph.D. from Dartmouth College.

**Salai Cung Liang Thawng** is a Senior Policy Advisor and will bring 15 years of experience in forestry and development programs, and in relationships with government, civil society, and the private sector in Myanmar. He has been contributing to the democratic and peace process in Myanmar, and is a member of several national level committees and task forces focused on climate change, rural development, and FLEGT. He has served as a strategic advisor to Pyoe Pin since 2012. Prior to that, he worked for the UN Development Programme in Myanmar, and as program officer at ECODEV. He has a M.Sc. from the Asian Institute of Technology in Bangkok in Natural Resources Management.

**Naomi Basik Treanor** is the Manager of Forest Trends' Forest Policy, Trade, and Finance Program, bringing nearly a decade of technical expertise on natural resource governance, supply chain research (particularly for timber and rubber), land and forest tenure, and civil society capacity-building, with a regional focus on the Mekong. Naomi also has extensive programmatic expertise including grant management, partnership development, and M&E. Prior to joining Forest Trends, she coordinated the Asia Program at the Rights and Resources Initiative, facilitating civil society efforts to advance forest tenure reforms on behalf of Indigenous Peoples and local communities in China, Nepal, Indonesia, Laos, and India, and conducting research for flagship publications on forest tenure, REDD+, and gender. She also led an external evaluation of The Hunger Project's participatory M&E systems for community-based poverty reduction and gender equality programming, and has worked extensively with government, civil society, and community leaders in the Asia region. Naomi holds an MA in International Development Studies at George Washington University's Elliott School of International Affairs and a BA in East Asian Studies from Oberlin College.

**Marigold Norman** is a Senior Advisor bringing ten years of experience on the role that demand-side policy and regulatory measures can play in eradicating deforestation from supply chains. This experience includes designing public procurement policies for timber and research into the potential for zero-deforestation agro-commodity policies as well as the role that timber regulations play in eradicating trade in illegal timber. Prior to joining Forest Trends, Marigold led the land-use and agriculture climate finance research portfolio at the Overseas Development Institute which included on-the-ground research to scale up climate compatible private sector investments in rubber and other agricultural commodities in Ghana. Marigold has also worked extensively with national governments and stakeholders in key tropical forest countries including in the Mekong region to follow REDD+ finance from pledge to expenditure on the ground. Marigold holds an MSc in Geography from the University of Wisconsin-Madison and a BA from the University of Cambridge.

### **1.3.1 How the proposed project is aligned with the applicant's overall strategy/activities**

The Mekong region aligns directly with the broader missions of CIP, Waxman Strategies, and Forest Trends. All of the partners have ongoing projects in research, advocacy and/or campaigning relevant to the Mekong Region, deforestation, and REDD+, into which the proposed project fits.

CIP's Mighty Earth program leads a global effort to break the link between deforestation and agricultural commodity expansion. Our team's campaigns and investigations have played a leading role in persuading the world's largest food and agriculture companies to adopt policies to eliminate deforestation and human rights abuse from their supply chains. Drawing on previous successes from supply chain campaigns, CIP hopes to rapidly drive the rubber industry to make improvements in line with zero deforestation and no land grabbing policies. CIP is working currently on projects in regions with expanding cocoa, soy, palm oil, and corn production in Southeast Asia, Latin America, Africa, and the United States.

Waxman Strategies' team has played a critical role in developing strategies and executing public education to protect forests, wildlife, and people. Waxman has helped the World Bank and IFC develop model private

sector policies and advisory programs to reduce deforestation by major tire and rubber companies, and provided advice and assistance in their dialogue with those companies. Waxman has also helped the Arcus Foundation develop a strategy to protect great ape and gibbon habitat in the Mekong and Africa from commodity rubber expansion. In 2017, following an international campaign and FSC filing, the Waxman team successfully persuaded Olam International to suspend deforestation for rubber in Gabon, and commit to developing a comprehensive policy to stop deforestation for rubber and other commodities. Waxman plays a critical role in developing and quickly deploying communications strategies in multiple countries in support of efforts to reduce private sector deforestation and build support for international work. Waxman's communications on forests routinely receive media coverage across the globe in multiple languages. Major recent placements include *The New York Times*, *The Guardian*, *The Sydney Morning Herald*, *SISA-In (South Korea)*, *Le Monde*, *Der Spiegel*, *Financial Times*, *Dagbladet*, *El País*, *Singapore Straits Times*, *Jakarta Post*, *BBC*, *NPR*, and many others.

Forest Trends has led a coalition of partners to better understand the role of China, Vietnam, and other major consumer and processing countries in the global commodity chains for timber and agricultural commodities, both legally and illegally sourced for more than a decade. Forest Trends now works with national experts and organizations across Southeast Asia, Latin America, Europe and North America to provide a comprehensive view of the dynamic of these supply chains. In parallel, and in addition to "incubating" the Rights and Resources Initiative (RRI), Forest Trends works to support community, smallholders and ethnic groups' land tenure as an integral part of good forest governance in the Mekong and (previously) China. For example, in Myanmar, Forest Trends was one of the first organizations producing straight-forward research on the state of forest management, legality, and rights, and has started a process of backstopping civil society groups and Ethnic Political Organizations on transitional governance, with an aim to increase the mutually reinforcing developments under the national peace process with emerging FLEGT-VPA, REDD+, and EITI mechanisms.

Forest Trends seeks to expand this approach to enable a global view of how markets and trade, resource rights and land tenure, legality and livelihoods interact, guided by comprehensive analysis, coalition building, and national capacity development. These endeavors and Forest Trends' research and convening capacity will be central to catalyzing public sector action, backed by a strong evidence base, in the proposed project.

### **1.3.3 Potential sub-grantees and other partners**

CIP, Waxman, and Forest Trends has begun to lay the groundwork for subgrantees. Over the course of the last nine months the Waxman Strategies Team, with help from CIP, has reached out to more than 25 academics, non-governmental organizations, civil society organizations, and others working on rubber. In our initial outreach we have focused on creating consensus around key asks of the rubber industry and governments. We have also alluded to the possibility of being able to expand our program due to additional funding interest. That said, we will need to spend the first three months of the grant further evaluating the sub-grantee landscape to determine the best partners for the project. Partners will have different roles for different delivery objectives. For each sub-grantee we bring onto the project we will create a MOU, have regular meetings to check in on progress, and organize on-going feedback loops to ensure quality.

Front Line Defenders was founded in Dublin in 2001 with the specific aim of protecting human rights defenders at risk. Front Line Defenders provides rapid and practical support to human rights defenders at risk through: international advocacy on behalf of human rights defenders at risk, including emergency support for those in immediate danger; grants to pay for the practical security needs of human rights defenders; trainings and resource materials on security and protection, including digital security; rest, respite and other opportunities for human rights defenders dealing with extreme stress; and an emergency 24-hour phone line. In emergency situations, Front Line Defenders can facilitate temporary relocation.



We will work with Front Line Defenders to train and prepare our local partners when appropriate, particularly in the context of investigations; and engage Front Line Defenders to provide emergency assistance to anyone associated with the project who faces an imminent physical threat.

Mekong offices of World Wildlife Fund (WWF) will be a major asset in any rubber-focused project in the Mekong. Besides work on curbing wildlife poaching for illegal trade, food consumption and traditional Chinese medicine, WWF has also conducted climate change vulnerability assessments in priority landscapes, supported ecosystem restoration, fought destructive lower Mekong river mainstream dams, and advocated for renewable energy. In terms of rubber work, WWF has already conducted research, and conducted behind-the-scenes engagement with the rubber industry.

Scientists: Eleanor Warren-Thomas and Paul Dolman from University of East Anglia and David Edwards of the University of Sheffield have conducted good peer-reviewed, published, methodologically sound scientific research on biodiversity loss from rubber in the Mekong and beyond. Their work has the potential to guide the activities towards conservation, and to provide scientific grounding for advocacy.

Other possible international partners: include Rainforest Foundation Norway; Korean Federation of Environmental Movements, Markets for Change, SumOfUs; Greenpeace; Green Century Capital Management; Oxfam, Gret, Inclusive Development International, Changing Markets, and the Interlaken Group, all of whom we have worked with previously on environmental projects focused on delinking commodity agriculture from deforestation.

### **1.3.4 Burmese potential sub-grantees and allies:**

EarthRights International (ERI) is a key actor in Myanmar, and the best possible partner for both investigations and advocacy. ERI is a nongovernmental, nonprofit organization that specializes in fact-finding in Myanmar, legal actions against perpetrators of earth rights abuses, training grassroots and community leaders, and advocacy campaigns. ERI has a deep and multifaceted track-record of success in Myanmar, in fighting abuses tied to commodities, protecting human rights and the environment. They have an Alumni network from EarthRights' Chiang Mai environmental school (EarthRights School or ERS) who are scattered across Myanmar and being mentored by ERI, which could constitute a strong network for advocacy and awareness.

EcoDev-ALARM, run by Win Myo Thu, is an excellent partner for environmental advocacy/lobbying. EcoDev-ALARM focuses on sustainable agriculture, community forestry and sustainable livelihoods of poor rural community. The organization has led successful efforts to fight coal, promote renewable energy, hold authorities accountable for environmental governance, and to promote value added agriculture products with sustainable farming/sustainable livelihood initiatives in the context of community development.

Forest Resource Environment Development and Conservation Association (FREDA), run by U Ohn, is another well respected environmental group. FREDA was founded by retired forest officials in 1995 and is currently comprised of 552 members, including foresters, botanists, agronomists, zoologists, veterinary scientists, journalists, artists and others. FREDA has focused on environmental conservation, reforestation, wildlife protection and community development, as well as emergency relief and community development in the context of climate change. FREDA is a partner for environmental advocacy/lobbying.

Heartland is a local Lashio-based CSO working on natural resource governance issues with an emphasis on capacity-building of local villagers through rights-based training and promotion of indigenous knowledge. Heartland is currently working to help support the villagers affected by rubber plantations acquired predominantly through military land grabs. This is being done through information gathering on the environmental and social impacts of the rubber plantations, land rights legal training and undertaking a process of participatory community mapping as part of advocacy efforts to have their land rights recognized. Over the past decade, northeastern Shan has become a target area for new rubber plantation development and, as such, large-scale plantations have been allocated across land formerly used for traditional farming by smallholders

with negative impacts on villagers' livelihoods. The majority of investment – albeit informal – in northeastern Shan State is Chinese. To our knowledge Heartland is the only CSO in Burma focusing on restitution for land grabs driven by rubber in ethnic minority states experiencing conflict, although many CSOs are potentially interested in working on the issue in the future.

Paung Ku is a civil society strengthening initiative, started in 2007, and which today boasts the most extensive and effectual civil society network in the country. Paung Ku provides money and technical support that can be channelled from larger organizations to smaller organizations, similar to a broker or linking organization. It works with local organizations, whether they are reading clubs or green groups, CSOs, ethnic groups, farmer groups, fishermen groups in the Delta, labor groups or peace activists. One of Paung Ku's major successes was the creation of a Chinese/Myanmar pipeline watch group. Potentially, the model could be adopted for the rubber industry. Paung Ku also provides legal aid to people who are sued, arrested, or harassed.

The Food Security Working Group (FSWG), run by Dr. Ohnmar Khaing, is a large group and could play a significant role in rubber and sustainable agriculture. The FSWG is a professional network of local and international NGOs, community-based organizations and individuals involved in food security related issues in Myanmar. The group engages in capacity-building, managing knowledge and information, as well as advocacy through effective network collaboration, communication, monitoring and evaluation, and organizational performance. FSWG runs a resource center, provides training, hosts seminars and works with several farmer associations.

Youth groups in the country, coordinated by Gahahita. Working with youth groups and training a core group of young leaders could help us leverage these large coalitions, promote youth awareness, boost local campaigns to clean up rubber and strengthen a promising segment of civil society to fight for sustainable rubber in the long run. Many converge at the National Youth Congress, a nationwide network of youth activists. ActionAid has created and trained a network of youth leaders. Gahahita is one of the most dynamic, visionary, and successful youth groups and would serve as a good coordinator.

Myanmar Rubber Planters and Producers Association (MRPPA) is the national association representing Myanmar's rubber industry. Forest Trends is exploring possibilities for leveraging existing research (and findings under this project) at scale in Myanmar in partnership with the MRPPA and (possibly) sub-national affiliated associations.

Karen Environmental and Social Action Network (KESAN) is a Karen social and environmental rights organization based in Thailand and Myanmar that has long been at the forefront of ethnic environmental rights in Myanmar, working on a range of related issues, especially community forestry and community-driven conservation. KESAN maintains a close working relationship with the Ethnic Political Organisation Karen National Union (KNU) along the Thai border where much of Myanmar's remaining natural forests can be found. KESAN has been working with KNU on revising many of their environment policies, especially their forest policy, to be more people-centred. The latest KNU forest policy goes beyond Myanmar's central forest policy to recognize the rights and self-determination of local communities, and contains six articles related to gender equality in forest management.

Land Core Group (LCG) is a Myanmar NGO working to raise awareness of land issues and promote policy reform to support small-scale farmers and forest-dependent peoples throughout Myanmar. LCG conducts research, provides capacity-building and formal trainings on forthcoming legislation related to land, forests, and agriculture, advocates to promote stronger land tenure in law and policy, and expands public awareness through promotional materials, video production, and information exchange.

Community-based organizations (CBOs) in Dawei (Tanintharyi region), and Kachin State: Forest Trends has established partnerships with several organizations beginning to conduct research and advocacy on rubber expansion in Tanintharyi, where palm oil and extractive industry development has already exacerbated historic land conflicts and rubber expansion promises to follow suit, and Kachin State, which has a slightly

longer history of Chinese expansion in the rubber sector as part of the Beijing-backed opium substitution program.

The Myanmar Program of the Heinrich Böll Stiftung seeks to contribute towards a democratic transition and an inclusive and sustainable development for the benefit of all people in Myanmar. Through its Natural Resource Governance Program HBS MM intends to improve the participation of local communities and civil society in decision-making processes around the exploitation of natural resources, large infrastructure projects and extractive industries. In particular Asian Foreign Direct Investment (FDI) and Official Development Assistance (ODA) by International Financial Institutions (IFIs) is being scrutinized in this respect. HBS MM is a strong advocate for smallholder livelihoods and unpacking the “land grabbing” narrative in Myanmar to examine the roles of ineffective regulation, debt and credit, and conflict in dispossession of farmers and communities.

Other civil society partners may include: Kachin Development Network Group (KDNG), Kachin Conservation Working Group (KCWG), Takabaw, Kandlelight Youth, Myanmar Alliance for Transparency and Accountability, and Burma Environmental Working Group (BEWG). Forest Trends also works with the Ethnic National Affairs Centre / United Nationalities Federal Council) and the Ministry of Natural Resources and Environmental Conservation (MONREC).

### **1.3.5 Vietnamese potential sub-grantees:**

Vietnamese timber associations: Forest Trends has an existing framework MOU with three Vietnamese timber associations. Under this MOU, Forest Trends and the three timber associations will form a two-tiered working team (advisory and technical) to analyse the dynamic of timber production, processing, trade and markets – including those for rubberwood, which is highly valued in Vietnamese export-oriented markets and falls under the FLEGT-VPA product scope. Insights from these analyses will not only feed into national policy-making processes (for policy changes and/or greater targeting of enforcement efforts), but also be distributed to all members of associations and beyond about potential opportunities and risks associated with production, processing, trade and markets. The timber associations include:

- Vietnam Timber and Forest Product and Timber Association (VIFOREST) is the only timber association operating at the national scale with over 800 members, overseeing products bound for domestic as well as export markets. It serves as a bridge between policy makers across numerous ministries (agriculture and rural development, industry, etc.) and other timber industry actors, and is intensely involved in forest sector policy making processes. VIFORES’ president is serving as a member of both the National Steering Committee for REDD+ and the FLEGT VPA negotiation team. Although considered a private actor, VIFORES is an eminent political entity and often directly crafts policy on Vietnam’s timber production and trade. Under the Forest Trends MOU, VIFOREST has the unique access to the monthly customs data and will share it with the working team for analysis. VIFOREST is also responsible for identifying and engaging their members who are involved in identified aspects of trade (e.g. Laos imports) in surveys and in-depth interviews.
- Handicraft and Wood Association of Ho Chi Minh City (HAWA) has 340 members, most export-oriented. HAWA is interested in developing a ‘Code of Conduct’ for good forest management practices, including the use of legal timber, and intends to introduce this Code to all members. HAWA is also advocating for a Ho Chi Minh City public procurement policy for legal wood sourcing, in response to interest by local city authorities and the Ministry of Agriculture and Rural Development. HAWA is also responsible for identifying and engaging their members who are involved in identified aspects of trade (e.g. Laos imports) in surveys and in-depth interviews, and disseminating results.
- Binh Dinh Timber and Forest Product Association (FPA Binh Dinh) is a local timber association, with 85 members, many of which are known for their use of high-risk (for legality) timber imported from Mekong countries before being manufactured into finished products and exported abroad. FPA Binh Dinh is the third-largest timber association in the country. FPA Binh Dinh is also responsible for

identifying and engaging their members who are involved in identified aspects of trade (e.g. Laos imports) in surveys and in-depth interviews, and disseminating results.

Vietnam Rubber Association (VRA): VRA is the only national association that represents the country's rubber industry, and serves as a connecting node with government. Its 150 members, both state-owned and private companies, are in Vietnam and in other countries of the Mekong where the impact of the Vietnamese rubber industry and military involvement remains contentious. Forest Trends has established a constructive working relationship with the VRA to conduct scoping research on land management, land rights, and labour issues in the rubber sector, and will focus on impacts of Vietnamese rubber investments in neighbouring Mekong countries to improve sourcing practices and compliance with Vietnam's FLEGT-VPA (which now includes rubberwood). Like Vietnamese timber associations, the VRA plays an important role as a critical connecting node between government and the private sector, and has become a strong advocate pushing public decision-makers to go beyond the requirements of policy and legal frameworks to safeguard industry reputation.

Vietnam Chamber of Commerce and Industry (VCCI): The VCCI is a national organization that assembles and represents the business community's interests in all economic sectors, while contributing to socio-economic development. Forest Trends works with VCCI to initiate dialogue with the policy community and private sector actors on issues as diverse as legality in the informal forest sector, to revision of Vietnam's Forestry Law, to public procurement policies for timber and agricultural commodities.

In addition, we hope to work with the Vietnamese government to make constructive progress. Forest Trends has established productive relationships with several Vietnamese government agencies. VIFORES, for example, has commissioned Forest Trends and the timber associations' monthly analysis of commodity trade data. VIFORES is responsible for communicating results with policymakers at the national level (Vietnam administration forestry, FLEGT VPA negotiations team) and local authorities (e.g. bordering provinces) to inform policy changes and strengthen law enforcement. Other government agencies may include, inter alia: Vietnam REDD+ Office, Ministry of Industry and Trade, National Assembly, and Ministry of Agriculture and Rural Development.

### **1.3.6 Laotian potential sub-grantees and allies:**

Land Information Working Group (LIWG) promotes awareness and understanding of the social, economic and environmental impacts of land-related projects, by gathering and disseminating information, facilitating dialogue and carrying out studies. The LIWG consists mostly of international and local civil society organization staff and other individuals working on land issues in Lao PDR. Nearly 40 different organisations are represented in the core group. Several international NGOs concerned that land issues may impact negatively on livelihoods of marginalized groups in Lao society set up the LIWG in 2007. The aim was primarily to inform each other about land issues and later also to develop common initiatives to address them with a wider range of stakeholders. The LIWG is one of the thematic working groups of the INGO Network, the network of international NGOs in Laos.

Village Focus International (VFI) works throughout Laos in remote communities, focusing on local leadership and development, boundary mapping, land use planning, and awareness-raising on land rights issues. Recently, VFI has been working with Stora Enso in Laos in anticipation of the expansion of Stora Enso plantations to create an enabling environment for investment in communities where legacy conflicts have played a role in current agricultural systems. This cooperative partnership has produced a set of community consultation tools that can facilitate better communications amongst key stakeholders (communities, companies, investors, and local authorities) during the land acquisition process to better meet requirements of free, prior, and informed consent (FPIC). Other potential allies affiliated with the Lao government include the Ministry of Agriculture and Forestry, Department of Forest Inspection, FLEGT Standing Office, Department of Planning and Investment, Sub-sector Working Group on Farmers and Agribusiness, and the Lao Policy Think Tank.

### 1.3.7 Cambodian potential sub-grantees and allies

*Nota bene:* Given recent political developments in Cambodia, we need to assess if working in Cambodia is possible without putting sub-grantees and community groups at risk. We plan to watch the July 2018 Cambodian elections and results closely to further draw conclusions as to whether or not we can work in Cambodia. From there we will take a three month planning effort to further map out Cambodian strategy and sub-grantees, meaning any work in Cambodia would not start until late in Year 1. In the event we determine it is safe to work in Cambodia, we will take every precaution with potential sub-grantees to ensure that the nature and timing of any support is helpful and low-risk. We understand that working with international human rights and conservation groups can create risk for civil society partners; however, we hope that by driving private sector action through mostly international engagement and pressure, we can encourage companies to become allies in creating space for civil society advocacy.

Equitable Cambodia (EC) is a national Cambodian non-governmental organization and is the leading advocate of land and housing rights in Cambodia. Through media and legal advocacy, coalition building, policy research and lobbying at the national and international level, it elevates the issue of forced evictions and land-grabbing in Cambodia and has made international development agencies and corporations more accountable and responsive to this pervasive human rights problem. EC is also engaged in extensive efforts to support human rights defenders and community leaders fighting land-grabbing, through community empowerment and legal awareness programs. It developed ground-breaking education curricula on international human rights law, domestic law, and strategies that communities can employ to defend their rights in the face of forced displacement. EC has worked on the issue of rubber and demonstrated its ability to win victories on the ground. In a rare example of excellent community organizing tied to savvy advocacy and a corporate facing campaign, EC successfully helped local Cambodian indigenous communities win back their land from Vietnamese companies that had taken the land for a rubber concession.

LICADHO (La Ligue Cambodgienne pour la Promotion et la Défense des Droits de l'Homme), also known as the Cambodian League for the Promotion and Defence of Human Rights) is a national Cambodian human rights organization. Since its establishment in 1992, LICADHO has been at the forefront of efforts to protect civil, political, economic and social rights in Cambodia and to promote respect for them by the Cambodian government and institutions. LICADHO monitors and investigates human rights violations, provides assistance to victims through interventions with local authorities and court officials, provides medical assistance to prisoners, conducts prison monitoring, strives to ensure that pre-trial detainees have access to legal representation, provides victims with legal advice by a paralegal team and, in key cases, legal representation by human rights lawyers. LICADHO can play an invaluable role in Cambodia in terms of legal assistance and emergency response for any project staff or ally who may be arrested, imprisoned, or charged with a crime.

The Cambodia branch of Wildlife Conservation Society (WCS) has been working in Cambodia since 1999, with a large and complex program focusing on several major landscapes, as well as a range of national and regional policy initiatives, supported by multiple donors. WCS has over 200 full-time contracted employees in Cambodia, as well as over 100 other personnel engaged on a part-time or short-term basis, and has a considerable track record of building relationships with and conducting advocacy with local and national authorities in Cambodia. WCS has worked on conservation initiatives in forests and ecosystems affected by rubber, and can assist in implementation through contributions on law and policy research, government advocacy, and education/awareness-raising campaigns on the ground.

Cambodia NGO Forum rubber group brings together many, if not most, Cambodian NGOs and civil society groups through platforms for policy dialogue, workshops, meetings, conferences, online coordination, and more. The staff working on its Agricultural Policies Monitoring Project works to influence agricultural policies and to encourage best practices that benefit farmers, especially those that are poor and vulnerable. The REDD+ team works to ensure the rights and interests of indigenous and forest-dependent people are protected, promotes sustainable forest management, effective engagement and participation, equity in

benefit sharing, and transparency. The NGOF has a proven track record of conducting advocacy with government ministries, the Government Development Partner Coordination Committee (GDCC), Cambodia Development Cooperation Forum (CDCF), and authorities crafting the National Strategic Development Plan (NSDP). Its work on rubber included supporting NGOs working together to prevent or mitigate negative impacts of Economic Land Concessions (ELCs) on forest-dependent communities and promoting alternative livelihood options for them. It is widely considered a key player in promoting land rights, land tenure security, the protection of rural property rights and community access to land registration, forestry rights, and indigenous rights. The coalition gives communities a voice to influence policy makers to be more accountable. In the context of our rubber work, NGOF can play a major role in local and national campaigning to mobilize civil society awareness, and can assist with government-facing advocacy on laws and policies to curb the rubber industry's abuses.

Cambodia Indigenous Youth Association (CIYA) *(with the Cambodian Indigenous People Organization or CIPO & the Cambodia Indigenous Peoples Alliance or CIPA)*: CIYA was launched in 2005 as an association of the indigenous youths from across Cambodia and is the country's first national indigenous peoples' organization. CIYA's goal is to strengthen indigenous communities and enable them to protect their natural resources, traditions, cultures, and rights. It also promotes education and career development for educated indigenous youth, and encourages them to become community leaders, especially in addressing land grabbing, natural resource extraction, and indigenous identity preservation.

Other possible Cambodian partners: These include Adhoc, CCHR, Vishnu law firm, CLEC, Ponlok Khmer, NTFP, Prey Lang Community Network, Heinrich Boll Foundation Cambodia, Open Development Cambodia.

## Section Two: Project details, summary

<b>Applicant – name and abbreviation</b>	Center for International Policy (CIP), Waxman Strategies (WS); Forest Trends (FT)
<b>Project Goal</b>	To reduce the impact of large-scale agricultural investments in the Mekong region on communities, forests and climate change.
<b>Thematic category:</b>	Commodity Supply Chains and Green Growth

### 2.1.0 Project-specific outcomes

Outcome 1: Companies producing, sourcing and investing in rubber from the Mekong region as well as their downstream customers (automotive companies, aerospace industry) introduce proactive commitments and measures to enforce “zero exploitation” and “zero deforestation,” as well as other human rights protections for workers and communities.

Outcome 2: The groundwork is laid for laws and regulations related to land, forests, investment, and commodity production in key rubber-producing countries in the Mekong, while key rubber-consuming countries consider new requirements for legality and sustainability of rubber imports and overseas investment in the agricultural sectors.

Outcome 3: Local and indigenous communities are better able to defend rights over land, forest, and other resources in the Mekong region. Civil society capacity to support these processes via legal and advocacy strategies is improved, within each country’s unique space for CSO engagement.

### 2.1.2 Annual budget<sup>12</sup>:

2017: 10 million NOK

2018: 10 million NOK

2019: 10 million NOK

Total: 30 million NOK

### 2.1.3 Main target groups

1. Major tire companies and those who influence them such as (a) their consumers; (b) overseas agribusiness investors and financial institutions; (c) vehicle manufactures; (d) airline companies; and (e) fleet operators;
2. Upstream rubber industry and associations in the Mekong, focusing on specific major rubber producers; initially at least, influence on them would be achieved primarily through tire companies, investors, and banks but also through “bottom-up” joint research and workshops;
3. Smallholders who can benefit from the reduction in policy barriers to expansion;

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<sup>1</sup> See attached budget for details

<sup>2</sup> Waxman Strategies will negotiate reduced rates for personnel with Norad, as it has with other projects funded by Norad.

4. National and subnational governments in top producer countries, alongside policymakers, primarily with a focus on Burmese Parliamentarians;
5. Rubber industry sustainability initiatives; and
6. Policymakers in consumer and investor countries, such as China and the EU.<sup>3</sup>

#### 2.1.4 Countries of implementation & geographic areas within those countries

Investigations in Cambodia<sup>4</sup>, Vietnam, Laos, and Myanmar followed by advocacy and corporate and consumer-facing campaigns around the world; international work, as needed, for creating or strengthening industry-wide mechanisms to address sustainability; policy-focused work in both the Mekong and rubber-consuming countries (China, Vietnam, EU, US, etc.) to move towards better regulatory frameworks for sustainability in the rubber sector and secure community tenure.

#### 2.1.5 Activity profile

- *Research*: Investigate deforestation connected to rubber, behavior of key actors, and abuses on the ground, as well as regional and international supply chain / commodity trade patterns, legal and regulatory frameworks related to rubber production and barriers to sustainable smallholder production, and impacts of potential demand-side measures in major consumer nations.
- *Campaigning*: Build international consumer and corporate-facing campaigns, develop public support for private sector actors to adopt "zero deforestation" and "zero land grabbing" policies, as well as support for countries to develop demand-side legislation, improve existing policies, then accelerate and improve their implementation. Build public education through outreach to media within and outside of the Mekong.
- *Policy Advocacy*: Leverage multi-stakeholder support for improved laws and policies around land and forest governance and commodity production/trade in both producer and consumer nations. Promote sustainable livelihoods, land use-planning, and the rights of indigenous peoples and local communities, including greater protection for land rights activists.
- *Capacity-building*: Build civil society investigative, supply chain research, and advocacy capacities in key target countries. Build government awareness and understanding of the impacts of various policy options. Empower, train, and strengthen local indigenous communities affected by rubber.

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<sup>3</sup> (In the near-medium term, we think it unlikely that the US Government will take an active role in fighting international supply chain deforestation for broader political reasons. However, the private sector component of our work with consumers, companies, investors, and public education, will have a significant US element.)

<sup>4</sup> As stated elsewhere in the proposal, given recent political developments in Cambodia, we need to assess if working in Cambodia is possible without putting sub-grantees and community groups at risk. We plan to watch the July 2018 Cambodian elections and results closely to further draw conclusions as to whether we can work in Cambodia. From there we will take a 3-month planning effort to further map out Cambodian strategy and sub-grantees, so that if it is safe to work in Cambodia that would happen late in Year 1. In the event it's determined safe, we will work with potential sub-grantees to ensure that the nature and timing of any support is helpful and low-risk. We understand that working with international human rights and conservation groups can create risk for civil society partners; however, we hope that by driving private sector action through mostly international engagement and pressure, we can encourage companies to become allies in creating space for civil society advocacy.



## 2.2.0 Background/Baseline, and the case for the project

### 2.2.1 Baseline

Industrial agriculture, especially in the rubber industry, is driving a globally significant surge in deforestation and human rights abuse across the Mekong region, and beyond. Although palm oil, pulp and paper, soy, and beef are often cited as the top four drivers of deforestation worldwide, a regionally disaggregated look at the Mekong reveals that there, rubber plays a central role in fueling what can only be described as a deforestation crisis.

According to recent data from Global Forest Watch, deforestation in the Mekong region increased more than five times the rate of the rest of the tropics, with Cambodia experiencing the greatest acceleration in deforestation of any country in the world, since 2014.<sup>5</sup> Tires are the major products that rubber goes into and industry data projects growth of demand for tires and in turn, rubber. While rubber has not traditionally been the largest driver of deforestation, its environmental impact is poised to change as demand increases. Projected growth will happen in Mekong countries with incredible biodiverse lands coupled with little political will to protect indigenous people and workers as a result of corrupt governments.

In the absence of large-scale campaigning, the rubber industry has not been incentivized to adopt meaningful human rights and environmental protection measures such as those that have emerged in response to NGO campaigns focused on palm oil, soy, and cattle. The exceptions to this are Michelin and Pirelli, which recently committed to implementing strong Environmental, Social and Governance (ESG) standards within their natural rubber supply chains.

A paper published in Conservation Letters found that rubber was the fastest-growing tree crop in Southeast Asia covering more than 70% of the land area planted with oil palm by 2012. Demand predicted for 2018-2024 suggests that between 3,500 and 34,000 additional square miles will be converted to rubber plantations. Even if only half of that came from tropical rainforest land (a very generous assumption), this would increase emissions by between 220 million tons of CO<sub>2</sub> and more than 2 billion tons of CO<sub>2</sub>. At the high end, this is almost as much as India's annual emissions.<sup>6</sup>

Rubber is decimating endangered forests, pushing wildlife closer to endangered and critically-endangered status, threatening vital ecosystem services, and leading to evictions, land-grabbing, and other hardships for indigenous peoples. Four biodiversity hotspots are impacted and at risk: Sundaland (Malay Peninsula, Borneo, Sumatra, Java, and Bali), the Mekong (Laos, Cambodia, Vietnam, Myanmar, Thailand), Wallacea (East Timor and islands of eastern Indonesia including Sulawesi) and the Philippines.<sup>7</sup> Despite a decline in the world market price for natural rubber over the past two years, scientists from East Anglia and Sheffield Universities believe that projected rubber demand could require between 4.3 and 8.5 million hectares<sup>8</sup> of land by 2024.<sup>9</sup> Currently, a significant portion of this expansion will likely involve deforestation.

Rubber plantations are ecologically barren in comparison to the natural forests they replace - many of which are hotspots for plant and animal diversity, home to at-risk species like *Hoolock*, *Hylobates*, and *Nomascus* genera of gibbon. Scientists from East Anglia and Sheffield Universities found that when rubber plantations

<sup>5</sup> Petersen, Rachael, Nigel Sizer, Matt Hansen, Peter Potapov and David Thau. Global Forest Watch. "Satellites Uncover Five Surprising Hotspots for Tree Cover Loss." World Resources Institute, 1 September 2015.

<sup>6</sup> Warren-Thomas, Eleanor, Paul M. Dolman and David P. Edwards. "Increasing Demand for Natural Rubber Necessitates a Robust Sustainability Initiative to Mitigate Impacts on Tropical Biodiversity." Conservation Letters. 17 April 2015.

<sup>7</sup> Warren-Thomas, Eleanor, Paul M. Dolman and David P. Edwards. "Increasing Demand for Natural Rubber Necessitates a Robust Sustainability Initiative to Mitigate Impacts on Tropical Biodiversity." Conservation Letters. 17 April 2015.

<sup>8</sup> Note that alternative projections indicate that at current growth rates, rubber could lead to as many as 21 million acres of tropical forest being lost. See: TakePart, Richard Conniff, "Your Car Tires are Running over Orangutans and Other Endangered Species," 27 April 2015, [www.takepart.com/article/2015/04/27/rubber-plantations-deforestation-rainforest-orangutans-endangered-species](http://www.takepart.com/article/2015/04/27/rubber-plantations-deforestation-rainforest-orangutans-endangered-species).

<sup>9</sup> Warren-Thomas, Eleanor, Paul M. Dolman and David P. Edwards. "Increasing Demand for Natural Rubber Necessitates a Robust Sustainability Initiative to Mitigate Impacts on Tropical Biodiversity." Conservation Letters. 17 April 2015.

replace forests, bird, bat and beetle species can decline by up to 75% while macaques and gibbons can disappear entirely.<sup>10</sup>

Alongside severe environmental threats, rubber-driven deforestation impacts local communities in Myanmar, Laos, Cambodia, and across the wider region. Social protections, upheld via state regulation that is properly and effectively enforced, remain few and far between. In particular, rubber has fuelled speculative land-grabbing and evictions that impoverish vulnerable communities, particularly indigenous peoples, who often have little ability to challenge the powerful elites behind these incursions. This land-grabbing has also exacerbated tensions between ethnic groups, contributing to the sectarian violence currently being experienced. Those that resist often face harassment, threats, and human rights violations; which itself is part of a growing, and worrying, trend.<sup>11</sup> This has held true across both large-scale concessions and smallholder-dominated landscapes, indicating that without good governance, neither agro-industrial model can bring about promised economic gains for all citizens.

Despite the importance of these threatened Mekong forests, in terms of its local populations, biodiversity and climate change, the rubber industry has not attracted the attention of environmental or human rights organizations on a scale even close to those devoted to the palm oil industry in Indonesia and Malaysia.

Up until now, there have been gaps in the capabilities of satellite technology and mapping which have meant that rubber-driven deforestation has been harder to detect than deforestation for other commodities. However, thanks to new advances in 2016 in mapping rubber, there is expanded potential to rapidly and accurately conduct mapping of rubber-related deforestation mapping (and rapid alerts regarding risk of deforestation for rubber) in the Mekong, using technologies emerging from GFW/WRI, Planet, Terra-I, the latest Landsat, and OpenStreetMap. Taking advantage of these new technologies, as well as our own team's experience in mapping supply chains, the project will explore Company exposure to deforestation and land rights abuse risks in order to target and develop investigative campaigns. This work will be primarily conducted in partnership between CIP and Mighty Earth. CIP will also use compelling case studies to link plantations and small-scale farming models associated with corruption, land grabbing, and human rights abuses to international tire companies to drive broad change. The project seeks to not only protect forests, but to expose the abusive practices that undermine indigenous peoples' rights to their land and a host of other human rights abuses that accompany large plantations. We know from other sectors, such as our work in seafood, that exposing human rights issues alongside environmental issues is a very persuasive way to frame the issues for companies to drive change. The project seeks to expose land grabbing and human rights violations to shame companies into action, building consumer, financier, and other pressure to change the paradigm of how the industry operates.

The groundwork for this has already been laid by Mighty and Waxman. Over the course of Fall 2017 the teams together have reached out to more than 30 rubber and Mekong experts (international NGOs, academics, civil society organizations) to introduce the campaign, identify potential allies and sub-grantees, and start to organize the community around a common objective. Together we have organized a common platform – in the form of an open letter – for the rubber industry. This preparatory work gives this project a good springboard to hit the ground running. From here, we have what we need to develop an on-the-ground start-up plan for implementation.

### 2.2.2 Background: foreign investment

Over the past decade, the governments of Cambodia, Laos and Myanmar have firmly committed to attracting foreign direct investment as a means of stimulating their economies. At the heart of all three countries' development plans has been the transformation of forests and rural land into industrial agriculture in the form of large-scale concessions/plantations or other models such as contract farming. As a result, foreign

<sup>10</sup> Warren-Thomas, Eleanor, Paul M. Dolman and David P. Edwards. "Increasing Demand for Natural Rubber Necessitates a Robust Sustainability Initiative to Mitigate Impacts on Tropical Biodiversity." *Conservation Letters*. 17 April 2015.

<sup>11</sup> <https://www.globalwitness.org/en-gb/reports/dangerous-ground/>

companies have acquired vast swathes of land, much of which is devoted agricultural plantations, especially rubber plantations.

Most of this FDI has come from other Asian countries, notably China and Vietnam, as well as Thailand, Malaysia and South Korea. Meanwhile, European and other financial centers are playing a role in leveraging capital for rubber companies and other agribusiness firms in the region. Of course, the major international tire companies (and other global rubber purchasers) provide the markets and income that make rubber expansion possible.

While Asian investors may be often less susceptible to international campaigning than European or North American counterparts, our teams have had significant experience with Asian investors and markets. Members of our teams have worked on projects that successfully leveraged direct and indirect financier pressure to reform human rights and environmental commitments to Asian institutions. One recent manifestation of this work was education we did of key financial industry players about the serious unresolved sustainability issues faced by Malaysian palm oil company IOI. This pressure contributed to a \$4 billion decline in the company's stock price following its suspension from the Roundtable on Sustainable Palm Oil.

One important path to changing the rubber industry will lie in driving change in the top tire companies (through consumer and investor-focused campaigns), we will explore possible work with allies such as BankTrack, Rainforest Action Network, Global Witness, and others in the NGO sector (but also directly working with pension funds and responsible investors where possible) to capitalize on opportunities to directly advocate for change by Asian rubber companies through their financiers.

### **2.2.3 Background: land-grabbing**

Millions of people in the Greater Mekong Region rely on land-based natural resources for their food and income. As large-scale and small-scale investment in land for rubber and other commodity crops increases, so do the associated threats to the customary land rights of rural communities, and to the forests on which many of these depend. The Mekong region also has one of the highest concentrations of land that remains administered by the State – on par with the Congo Basin – with only 1% of land designated for use by indigenous peoples and local communities (and no regimes granting full land ownership).<sup>12</sup> Much of this “state” land is customarily-owned by communities, but allocated largely to corporate entities.

In Myanmar, 70% of the country's people rely on farmland and forests for their livelihoods, yet security of land tenure in the country is weak, as the government retains ultimate ownership of all land in the country and customary tenure rights have not been fully recognized by law. Historical land restitution and long-simmering conflicts between ethnic groups also jeopardize tenure security. In Laos and Cambodia, there are more comprehensive laws on the books to protect land rights and forests, but there is a systematic lack of enforcement or even active sanctioning of land-grabbing and illegal deforestation by the state apparatus. Where regulations exist, they are enforced ineffectively (or not at all). Local resistance to land-grabbing and evictions can result in harassment, threats, arbitrary arrests, beatings, torture and even killings.

Foreign agribusiness companies and overseas financial investors incentivize these behaviors and compound their impact, whether knowingly or unwittingly. Both agribusiness companies and their investors often have highly inadequate safeguards or due diligence in place to ensure that their activities do not contribute to the forced displacements of local communities, large-scale deforestation and other environmental impact. Moreover, local rubber companies/plantations in the Mekong, particularly in Cambodia and Myanmar, are often connected to, or run by, extremely influential local tycoons or high-ranking individuals in law enforcement or the military. Such power dynamics on the ground, as well as realities of corruption and lack

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<sup>12</sup> Rights and Resources Initiative (RRI) tenure data, available at [www.rightsandresources.org/en/work-impact/tenure-data-tool](http://www.rightsandresources.org/en/work-impact/tenure-data-tool)

of law enforcement, make it difficult for many local communities to effectively advocate for their rights without international attention and assistance. These dynamics have continued in the last few years even though rubber prices remain below their post-financial crisis peaks (though still double historical pre-commodity boom prices).

#### **2.2.4 Background: regional and national supply side policies**

In recent years, governments have begun to respond to land-grabbing and reverse the over-allocation of land to corporate investors (e.g. Vietnam's forest devolution policy, Cambodia's Leopard Skin policy, and concession moratoria in Laos). However, the impetus for these efforts is largely political rather than substantive social transformation, and communities are secondary economic actors to large companies, which are believed to be more efficient and thus receive large subsidies that make small producers less competitive.

An important additional element of this work is to create the space for investment in positive, sustainable models of smallholder production in Mekong agriculture. Taking advantage of both research in the field and knowledge gained through our campaigns in other sectors, notably what we have achieved in the palm oil sector, we will also encourage tire companies and other rubber purchasers, as well as financial institutions, to channel incentives for sustainable production to smallholders; we will create a space for donors such as the World Bank, IFC, IDH, and others to provide training and incentives to expand sustainable production in ways that respect community land rights. In short, we hope that this program of work not only achieves near-term goals of curtailing large-scale deforestation, land-grabbing and corruption, but also contributes to the improvement of livelihoods throughout the Mekong.

Furthermore, the governments of the Mekong region have designed their land use and investment policies to accommodate the establishment of commercial commodity expansion with insufficient regard to their impact on natural resources or local communities. There are no regional supply-chain policies, particularly in the Mekong where ASEAN and other regional bodies have been very hands-off.

#### **2.2.5 Demand-side policy measures**

There are also opportunities to shift existing patterns of international trade in rubber through demand-side policy measures. Experience has shown that demand-side measures for timber have encouraged improvements in compliance and uptake in producer and processing countries, as well as from businesses within consumer markets. These demand-side measures have also encouraged producer and processing countries such as Malaysia, Indonesia, Vietnam and China to develop their own import measures for timber that can help their businesses comply with the demands from export markets. In the case of rubber plantations, demand-side measures for both latex as well as timber products could be important public sector tools to affect change.

As these demand-side measures develop for timber, governments and policy makers are also starting to consider the broader impact of their consumption. In Japan and the Republic of Korea, there has been increasing momentum for demand-side policy action to demonstrate global leadership in mitigating climate change. In addition, the European Commission has been considering policy action to reduce deforestation as part of its strategy to address climate change and biodiversity. A recently commissioned feasibility study suggests that the EU will look to take additional action and there are opportunities to influence policy makers in key rubber export markets.

#### **2.3.0 Overview and Theory of Change**

We are planning a three-year, multi-faceted project with the goals of combatting deforestation and human rights abuses tied to the rubber industry, by strengthening land governance, exposing corruption, and creating the political and economic space in which a sustainable, smallholder-centered rubber sector can emerge. Through our focus on private sector actors that operate regionally and globally, we are well

positioned to reduce deforestation across Southeast Asia. Our theory of change is multi-pronged and outlined below:

### **2.3.1 Private sector action – tire companies**

The project will leverage campaigns targeting consumer-facing brands throughout the supply chain (e.g tire companies, automotive and aerospace industry) in the EU and the US to press for corporate shifts, focusing on the biggest tire and automotive companies in the world. From there, we hope to build on individual tire and automotive companies' new commitments to push the tire and automotive industry as a whole to shift through collective action. We also plan to encourage tire and automotive companies to pressure producer governments to improve laws and policies where appropriate. Building on industry reform we will endeavor to ensure that companies guarantee changes throughout their entire supply chains, committing to eliminating deforestation and human rights abuses. We will encourage companies to do this both through adopting strong forest and human rights policies, and investing in the long-term development of a sustainable production model that benefits smallholders.

Our project is well positioned to achieve a major change in forest protection because it builds on a proven model that has produced the world's biggest forest and climate success stories, and includes partners who helped lead those successes. This model was first pioneered in the Brazilian Amazon, when activists around the world pressured consumer companies and their suppliers – the big agricultural traders – to eliminate Amazon deforestation from their soy supply chains. The change was rapid and extraordinary. Within three years, deforestation for soy in the Amazon went from 25% of Amazon deforestation to less than 1%, and has maintained that level for a decade. CIP and Waxman have led efforts to design an expansion of the Soy Moratorium to other regions in Latin America. This type of model has been effective in campaign after campaign, industry after industry, and we believe that the tire industry is a space where it can work as well, given its exposure to consumers and the importance of brand recognition for the top brands which largely control this highly concentrated industry (the model would likely be effective with the car industry as well, particularly given successes of past campaigns to clean up car companies). Further, we know that the tire companies are planning for growth in demand for rubber and continued volatile prices which makes for an environment where public campaigns can only further reputational risk. Additionally, the top tire companies have lost market share collectively over the last ten years due to an increase in tire companies. This will work to our favor because they have more competitors and stand to lose more with reputational risk, which is what our campaign poses.

The project starting point will be to focus on influencing the top five global brand name tire companies (Michelin, Goodyear, Pirelli, Bridgestone, and Continental) who between them control approximately 70% of the tire market, comprising 35% of the world's natural rubber. Through investigative campaigns, into the supply chains of these companies, the project will expose potential links between natural rubber purchasing and land grabs in the Mekong region. Our campaigns will raise the public awareness profile of rubber as a driver of deforestation amongst tire and car purchasers in consuming countries. We have already embarked on, and will continue to engage in, engagement with some tire companies who are in the process of introducing regulations for rubber purchasing. This will continue during and immediately following the investigations.

Tire companies that adopted strong land and human rights protections would have an incentive to ensure that their competitors were subject to the same criteria, lest their competitors benefit from lower costs that come with more lax standards. Once tire companies commit to policies, they begin to push those commitments down the supply chain to rubber companies – we have already seen this happening with Michelin's suppliers since Michelin announced its policy, and the same type of shift is just beginning with Pirelli, which made a more recent announcement. This leads us to believe Bridgestone and other giants would evolve in similar ways. As such, we hope that they will at a minimum lessen their lobbying (and cease corruption) aimed at persuading governments to weaken land and rights protections, creating increased political space for government reform.

## Action in “host” countries

An important next step under the driving theory of change involves encouraging tire companies to pressure producer governments to improve laws and policies where appropriate. After significant corporate commitments, some Mekong governments may be able and willing to commit to curbing the abuses of the rubber industry in their countries, rather than lose one major tire company client after another for the sake of a few bad apple rubber producers. It will be important to try and pressure national and subnational governments as much as possible to improve policy, governance, and law enforcement, and recognize community land tenure rights and FPIC.

The approach will seek to build on the example of Michelin, which recently announced that it is opting to forego rubber purchases in Burma, Laos, and Cambodia, as the laws and policies of those countries are not aligned with Michelin’s new sustainability policy. Likewise, Pirelli already does not source from Burma, Laos, and Cambodia, in part because of environmental and human rights concerns. However, Burma is actively courting other major tire companies, primarily Bridgestone, in an attempt to access international markets.

At the same time, the project will also work to promote action from home governments through monitoring opportunities to influence operating guidelines, particularly the CCCMC guidelines for Chinese rubber companies and industry standards. In Vietnam, this will be done in partnership with the Vietnam Rubber Association (VRA) (with which Forest Trends has an existing relationship) in order to assess the current scope of rubber investment elsewhere in the Mekong and improve domestic production models, and work with member companies and relevant regulatory agencies to encourage compliance with relevant law, regulations, and international conventions to which Vietnam is signatory (such as ILO 169, UNDRIP, and the Modern Slavery Act).

In addition, the project will also look to influence government action on related rubberwood. In the case of Vietnam, rubberwood is covered under the scope of the FLEGT Voluntary Partnership Agreement (FLEGT-VPA) and exported in increasing volumes to the EU. Once the VPA is operational, exporters will need a FLEGT license for rubberwood to access EU markets, and rubberwood produced in contravention of the VPA (illegally, or without respect for FPIC) will be ineligible. Through its engagement in FLEGT and successful partnerships with timber and rubber trade associations, Forest Trends will work to ensure responsible cross-border investments in rubberwood as well as rubber, and conduct supply chain research / association member surveys to assess the scale of Vietnam’s investments in rubber and rubberwood.

In Cambodia, assuming we determine after the elections that we can expand here, the theory of change will focus on exposing deforestation, corruption, and associated legal and political risks, rife in Cambodia’s land sector. Depending on the political situation in Cambodia, this will either focus primarily on international exposure, or international exposure combined with work in Cambodia. This will be done through coverage in media outlets read by the investor/business community (including in Asian media) as well as supporting subgrantees (depending on the political situation) to engage with investors and supply chain actors. To clarify, our work in areas with prolonged conflict and civil unrest will be carried out by local partners, currently working in their respective countries, only once we have cultivated support from the private sector to mitigate associated risks, and where it is prudent given prevailing political situations in each country.

In Vietnam, the theory of change will focus on working with government and members of the country’s rubber association importing both rubber (latex) and rubberwood from elsewhere in the Mekong, and ensuring these imports follow environmental, labor, and human rights standards. Finally, we will work with governments in the main export markets to consider demand-side policy options that incentivize change within the rubber industry.

Our domestic work in Myanmar, Laos, and Cambodia will help improve tenure-in-practice for local communities through capacity building and increasing awareness about the consequences of the agribusiness investment rush. We will also conduct and leverage research to inform ongoing dialogues around land and forest policies. The theory of change in rubber producing countries varies. In Myanmar, the theory of change



rests, in addition to private sector action, on harmonizing forest governance reforms with the ongoing peacebuilding process and establishment of a federal system that prioritizes ethnic rights and self-determination; and supporting the development of “integrity mechanisms” for the resource sectors. We will also consider the possibility of working on advocacy in the context of ongoing policy reforms, where civil society and international input has been invited. In Cambodia and Laos, the potential to bring about effective change on the ground is undermined by government corruption, which dominates Cambodia’s political and business environment and limits civil society activity in Laos. Instead of relying on corrupt national processes, CIP and other organizations have intended to leverage change through international, private sector actors. In Laos, however, there is now opportunity to engage on land issues with a government that has shown renewed commitment to addressing corruption and catalyzing resource sector reforms; to date, this has resulted in anti-corruption trainings for government officials as well as a market decline in exports of illegal timber. Work in Laos under this project, with the right partners (and building off a growing body of research on the environmental and social impacts of the Lao rubber sector), could involve engagement with efforts to revise the land law, forest law, and investment promotion law; a number of government and NGO partners are also advocating for the adoption of “village forestry” (a form of community land tenure) in the absence of statutory title for most Lao communities. Across the region, we will work with communities (through CSO partners) affected by the rubber industry to pursue advocacy and legal strategies that improve tenure-in-practice and participation in decision-making around land use.

### **2.3.4 Applying pressure to investors and reforming international regulatory frameworks and investments that facilitate land acquisitions for rubber**

Field investigations, commodity chain and trade analysis and reviews of others’ field research may reveal cash flows and role of logging operations in financing rubber plantations in the Mekong, many of which are connected to members of the military or individuals of high ranking government officers. These investigations may be informed by Forest Trends’ research that tracks rubber production, export, processing, import, and consumption in key countries. Secondary research could contextualize demand-side drivers of this trade, including buyer behavior and macroeconomic factors.

CIP and Waxman will work with investors to support private sector and government reform across the region. For instance, we will work to require and encourage investors to undertake rigorous due diligence and to avoid high risk investments in key sectors.

We will conduct research to identify key finance sources for tire and rubber companies we target. We will highlight material and reputational risk to investors, and shift investments away from high risk companies we are investigating. One model of this type of work is our research on and advocacy to persuade the Singapore sovereign wealth fund to encourage its portfolio company Olam to cease deforestation in Gabon.<sup>13</sup>

In parallel, CIP and Waxman will continue to engage with the rubber industry to introduce robust standards matching these commitments across the sector. It is possible that the existing Sustainable Natural Rubber initiative<sup>14</sup> (SNRi) or the International Rubber Consortium (IRC) could be a catalyst for this work, but experience suggests that it may be difficult for it to overcome the lowest common denominator dynamics often involved in industry bodies without external pressure. The SNR-i, which launched in January 2015, has yet to achieve meaningful change or adopt sound guidelines. Current “sustainable” harvesting schemes for rubber are inadequate, and the SNR-i guidelines remain weak, voluntary and unenforceable. Similarly, the International Rubber Consortium has yet to achieve meaningful change. As such, any effective industry-wide mechanism would have to have the kind of strong conservation standards, robust industry-wide

<sup>13</sup> Mighty Earth. “Submission to the FSC: Olam Rubber Gabon – deforestation in the past 5 years.” <http://www.mightyearth.org/wp-content/uploads/2016/07/Olam-Rubber-Gabon.pdf>

<sup>14</sup> <http://snr-i.org/>

implementation mechanisms, and civil society involvement that has, for the most part, characterized the Brazilian Soy Moratorium.

Our experiences with agribusiness and global commodities is that companies drive change when held accountable – institutions and governments follow. This project will work to raise the environmental and human rights standards of the rubber industry, build support for improved land governance and land rights across the Mekong, facilitate smallholder inclusion and sustainable rural development, and create the conditions for international engagement that can accelerate progress on all these fronts. The proposed integrated approach to promoting sustainable rubber supply chains encompasses both social and environmental impacts of investments, and will be instrumental to support a more sustainable development path in the region. Ultimately, a zero-deforestation standard that includes strong land rights and labor protections should be the norm for both the rubber industry and government policies in rubber producing countries.



## Section Three: Project description

### 3.1.0 Hierarchy of Goals, Outcomes and Activities

**Goal:** To reduce the impact of large-scale agricultural investments in the Mekong region on communities, forests and climate change.

The primary goal of the project is to improve the governance and sustainability of large-scale land investments in the Mekong region, with a focus on reducing the impact of the natural rubber sector on forced displacements, deforestation and climate change. By tackling land-grabbing and securing community land and resource rights, we will contribute to both the prevention of human rights abuses linked to the expansion of rubber and other industrial agricultural concessions in the region, and to a reduction of deforestation resulting from the conversion of forested land to agricultural plantations. Through this work, we hope to create conditions that can facilitate private and public investment in the creation of a smallholder-centered, inclusive rubber industry that is sustainable over the long term.

### 3.1.2 Outcome 1

Companies producing, sourcing and investing in rubber from the Mekong region as well as their downstream customers (e.g. automotive companies, aerospace industry) introduce proactive commitments and measures to enforce “zero exploitation” and “zero deforestation,” as well as other human rights protections for workers and communities.

Outcome 1 will be delivered through four outputs and a series of activities stated below and are also in the accompanying results framework document.

**Output 1.1** Investigative reports linking deforestation and land-grabbing to rubber producers and their customers (tire producers and further downstream actors) provide sound evidence base for corporate action.

CIP will lead the efforts with the following activities:

- a) Lead investigations on: (a) rubber supply chains, (b) production and processing, (c) export countries, (d) import markets, and (e) tire company sourcing practices from targeted countries in the Mekong region (Myanmar, Vietnam, Laos, Cambodia). These investigations will examine the impacts of rubber concessions on local people and the environment, the behaviour of key actors (including corruption) and supply chains linking producer and consumer countries. This research will also enable us to assess trade trends, frame field investigations, and understand dynamics of large-scale versus smallholder production and interactions, and of producer, processor, and consumer markets for rubber; and
- b) Crafting and releasing reports, photo essays and videos based on the above investigations, and engaging with the media to draw attention around the exposés.

Forest Trends will support Output 1.1 through the following activities:

- a) Research on rubber supply chains, production/processing/export/import markets, and tire company sourcing practices from targeted countries in the Mekong region (Myanmar, Vietnam, Laos, Cambodia).

**Output 1.2** Key players in the rubber supply chain - tire companies, automotive companies, aerospace companies, and investors - lay the groundwork for and/or adopt “no deforestation, no exploitation” policies.

CIP will lead the efforts with the following activities:

- a) Release investigations and reports;
- b) Launch consumer-facing campaigns and leverage these against the tire companies (Bridgestone, Goodyear) and automotive brands (Nissan, BMW, GM) to raise awareness of the abuses, and engaging with car companies on their sourcing of tires;
- c) Map rubber-related deforestation and set up rapid response alerts regarding risk of deforestation;
- d) Research on rubber supply chains and import/export markets;
- e) Carry out advocacy targeting the tire companies about their sourcing policies and practices, and with investors on their financing of relevant sectors;
- f) Participating in industry, government, and civil society meetings, and providing advice on creating strong guidelines, and ensuring participation of major industry players and other key stakeholders;
- g) Securing large-scale investment from private companies in responsible smallholder production schemes, or to preference companies that source from smallholders in a sustainable and rights-based manner;
- h) Use research, case studies, and best practices to inform advocacy directed at companies to promote development of alternative livelihood options; and
- i) Ensure tire companies' policies and practices promote decent and fair livelihoods (via fair contracting schemes, adherence to worker's rights legislation or "soft law" etc.).

**Output 1.3** Rubber companies in Vietnam, with policy/regulatory support, improve compliance on rubber sourcing in adherence to international conventions on land rights and labor and other best practices.

CIP will lead the efforts with the following activities:

- a) Engage with Vietnamese rubber associations to improve member companies' compliance on sourcing of rubber, and rubberwood as required by Vietnam's FLEGT-VPA, and adherence to international conventions on rights and labor (e.g. Modern Slavery Act, ILO 169, UNDRIP) to which Vietnam is signatory; and
- b) Provide evidence-based policy research in support of stronger industry guidelines.

Forest Trends will support Output 1.3 through the following activities:

- a) Direct engagement with the Vietnam Rubber Association to improve member companies' compliance on sourcing of rubber, and rubberwood as required by Vietnam's FLEGT-VPA, and adherence to international conventions on rights and labor (e.g. Modern Slavery Act, ILO 169, UNDRIP) to which Vietnam is signatory.
- b) Providing evidence-based policy research in support of stronger industry guidelines.

**Output 1.4** Groundwork laid for Industry Joint Action Mechanism. An Industry Joint Action Mechanism is when companies work together with NGOs and governments to monitor deforestation in supply chains and to develop a list of non-compliant suppliers who, as a result, are no longer eligible to sell to participants of the mechanism.

CIP will lead the efforts with the following activities:

- a) Supply chain pressure through customers, financiers, and media to encourage tire companies and rubber producers to establish this mechanism; b) Solicit advice from industry, government, academic and civil society experts to create an effective mechanism, taking into account lessons from the Brazilian Soy Moratorium and other successes.

### 3.1.3 Outcome 2

Key rubber-producing countries in the Mekong lay the groundwork for stronger environmental and social safeguards and improved smallholder livelihoods in laws and regulations related to land, forests, investment, and commodity production, while key rubber-consuming countries consider new requirements for legality and sustainability of rubber imports and overseas investment in the agricultural sectors.

Outcome 2 will be delivered through two outputs and a series of activities.

**Output 2.1** Provision of technical advisory services and lessons-learned related to fair and equitable laws, policies and regulations that impact land and forests; the integration of anti-corruption "integrity mechanisms" into policies, regulatory frameworks and administrative processes in Mekong countries; and, pro-smallholder provisions that operate at a structural level, thus serving to improve livelihoods of smallholders engaged in rubber production.

Forest Trends will lead work in collaboration with local partners to carry out the following activities under output 2.1:

- a) Research and research-based advocacy to inform on-going dialogue around land and forest policies and laws in Myanmar and Laos;
- b) Integrate anti-corruption mechanisms into forest and land regulatory mechanisms, with a focus on Myanmar and, potentially, Laos.

Forest Trends and CIP will jointly:

- c) Engage international donors, major NGOs, companies, and other constituencies by leveraging their influence (and research produced under this project) to promote good governance and improved legal and policy frameworks in producer and consumer countries, and to secure investments in sustainable smallholder production. Work with these constituencies to encourage national governments to provide a governance environment conducive to the smallholder sector.

**Output 2.2** Increased momentum in support of development and implementation of demand-side policies and standards, including China's CCCMC industry guidelines for rubber investments and other demand-side measures for rubber in consumer countries (e.g. public procurement policies).

Forest Trends will lead work in collaboration with local partners to carry out the following activities under Output 2.2:

- a) In China, support to development of Implementation Manual and Indicator Systems for CCCMC rubber investment guidelines, with focus on training materials for company due diligence
- b) In Vietnam, engage Vietnamese rubber and timber associations, and policy-makers, on legal compliance of rubber wood imports and exports under Vietnam FLEGT-VPA

Forest Trends and CIP will jointly carry out the following activities under Output 2.2:

- c) Scope opportunities for other regulatory approaches to promoting sustainable, legal rubber sourcing in key consumer countries, including forthcoming EC Forest Policy as it relates to high-risk deforestation commodities, particularly in areas of rubber/rubberwood sourced from land illegally converted from forest (Forest Trends) and conduct advocacy targeted at EU policymakers to tighten regulatory requirements for EU financiers both within existing financial reforms and with new legislation where appropriate (CIP).

### 3.1.4 Outcome 3

Local and indigenous communities and smallholder farmers are better able to defend rights over land, forest, and other resources in the Mekong region. Civil society capacity to support these processes via legal and advocacy strategies is improved, within each country's unique space for CSO engagement.

Outcome 3 will be delivered through two outputs and a series of activities.

**Output 3.1** Provision of capacity-building services to empower communities to secure rights via legal or advocacy action. Actions may include, inter alia: receipt of compensation, engaging in dispute resolution, assertion of alienation rights (if recognized by statutory law), or other mechanisms.

Forest Trends will lead work in collaboration with local partners to carry out the following activities under Output 3.1:

- a) Conduct trainings with CSOs based in Kachin (northern Myanmar) and Dawei (Tanintharyi region, southeast Myanmar) to strengthen the capacity of communities and community-based organizations to self-organize and undertake legal challenges to companies
- b) Support to Lao CSOs working with Stora Enso and other responsible companies on land lease arrangements and community-investor dispute resolution

CIP will support this work by:

- a) Assisting with legal rights and support where necessary
- b) Working with governments – where possible – to advance legal rights
- c) Support work with local CSOs throughout the region through trainings, sub-grants and capacity building.

**Output 3.2** Leverage existing and new research on best practices for securing tenure via titled or non-titled means in rubber landscapes in the Mekong, with focus on emerging policy solutions that protect smallholders and reduce poverty.

Forest Trends will lead work in collaboration with local partners to carry out the following activities under Output 3.2:

- a) Generate a written analysis of the political economy of the rubber sector in Myanmar
- b) Compile research demonstrating the impact of rubber investments on insecure tenure to companies, governments, and donors in Myanmar (with a focus on “conflict rubber”) and Laos (with a focus on need for greater protection of smallholders)

Forest Trends and CIP will jointly:

- c) Scope opportunities for, and support, engagement in land reforms that provide statutory recognition of local tenure and livelihoods, particularly in Myanmar and Laos.

### 3.2.0 Target Groups and the changes they must make to overcome the fundamental problem

Direct engagement with tire companies will be a key component of this project. Michelin and Pirelli have already adopted a strong forest and land rights policy, and have changed sourcing practices, showing other companies that it can be done profitably.<sup>15</sup> In order to realize this vision, tire companies must be convinced of the need to adopt strong “zero deforestation” and “zero-exploitation” policies. To achieve this will require engagement with:

<sup>15</sup>[http://purchasing.michelin.com/content/download/907/11821/file/SUSTAINABLE%20NATURAL%20RUBBER%20POLICY\\_VD.pdf](http://purchasing.michelin.com/content/download/907/11821/file/SUSTAINABLE%20NATURAL%20RUBBER%20POLICY_VD.pdf)

- Consumers and media are key to shifting priorities at tire companies. CIP and Waxman have the expertise and capacity to wage global campaigns, with significant deployment in North American, European, and Asian markets to convince tire companies that it is worth their while to change their ESG policies.
- Investors in tire companies, which could be targeted according to market share and/or their applicable lending standards, notably investors organized through the UN Principles on Responsible Investment (UNPRI), as well as advocacy investors such as Green Century Capital Management and New York State's Common Asset Retirement Fund, and sovereign wealth funds, can include rubber issues in their sustainability considerations and ESGs.
- Corporate customers, primarily car companies (who purchase a large percentage of tires), must feel enough pressure from engagement and consumer-facing campaigns to pledge to purchase only zero deforestation tires. Car companies should be pressured to adopt and transparently implement strong zero deforestation policies first for tire purchases, and then for all rubber purchases. The airline industry is also a significant consumer of tires.

Companies that are "early movers" in developing policies and systems to ensure zero-deforestation rubber products will be well-placed to meet potential future regulatory demands.

### 3.2.1 Upstream Rubber Industry

Ultimately, we hope that our focus on major rubber customers and other stakeholders outlined above will have a significant impact on rubber traders and processors, as well as plantation owners and financiers.

While we will urge tire companies, investors, and others to focus initially primarily on very large companies driving deforestation and land-grabbing, we will also work to set up mechanisms to ensure that private sector forest conservation and human rights policies cover and are implemented by all suppliers, including small and medium enterprises (and all member companies of the Vietnam Rubber Association). As detailed elsewhere in the proposal, we aim to expand training and create positive incentives for smallholders to engage in sustainable production as well.

It will be difficult to mobilize consumer-facing campaigns against some Asian growers and processors directly since their names are unknown to most consumers. However, these producers are likely to shift in response to engagement and business shifts by major tire companies, which in general comprise the majority or overwhelming majority of their customers. Targets will include both Western and Asian companies, some of which already have their own forest and land policies and/or are subject to Michelin's new policy as a supplier.

In addition, in cases where new policies from customers like global tire companies are not sufficient, we have shown the ability to influence upstream producers through other means, and would apply this to the rubber company. Larger-scale rubber companies typically have some international exposure. For instance, the CIP and Waxman team persuaded the Indonesian rubber and palm oil company Astra International to adopt a comprehensive forest and human rights protection policy through a campaign focused on its parent conglomerate Jardines Matheson through its hotel chain Mandarin Oriental. It is likely that, if we are successful in persuading the major tire companies to act, we will complement their supply chain pressure through action focused on investors and other businesses of larger upstream producers as well.

- Producers should be pressured by their largest clients, namely the tire industry, to the point where they have no choice but to adopt and/or implement strong zero deforestation and zero land-grab policies that are applicable to third party suppliers, and include support for smallholder transition.
- They should also be encouraged and pressured to join an effective industry mechanism to police deforestation.

- We will also continue to build on Global Witnesses' collaboration with the CCCMC in China to push out the new guidelines for rubber companies

### 3.2.3 National governments

The project will target government and policy actors through existing relationships and networks already established, to push for governance reforms that create an enabling environment for responsible investment and legal, inclusive, sustainable commodity production. We will also work with key private sector rubber buyers to send explicit signals to regional governments that they will not source rubber from problematic countries unless reforms occur.

As stated previously, our initial likely focus in terms of rubber-producing countries will be Myanmar, where we will continue to promote greater transparency, accountability and good land governance through both capacity-building and social-mobilization of local villagers affected by rubber plantations, once the private sector has committed to sustainable policies and practices. Through land restitution cases, we will document the process of attempting to get redress for affected communities through the current system to demonstrate, in fact, that the system is broken and to push for strengthened policy and legislation, as some sub grantees are currently doing. We will also work with national CSOs and NGOs also working on rubber to push for reform of the rubber sector including technical and institutional support for smallholder rubber farmers.

### 3.4.5 Outcomes and how they will be achieved

#### 3.4.6 Outcome 1:

**Companies producing, sourcing, and investing in rubber from the Mekong region as well as their downstream customers (e.g. automotive companies, aerospace industry) introduce proactive commitments and measures to enforce "zero land-grabbing" and "zero deforestation," as well as other human rights protections for workers and communities.**

**Output 1.1** Investigative reports linking deforestation and land-grabbing to rubber producers and their customers (tire producers and further downstream actors) provide sound evidence base for corporate action.

Building on our existing research into the practices of companies investing in rubber production in the region, we will carry out in-depth investigations into large-scale land acquisitions in Cambodia and Myanmar by major rubber producers. An initial focus of these investigations will be the supply chains of multinational tire companies sourcing rubber grown on plantations linked to land rights violations. The Waxman and CIP team have already laid the groundwork for investigations into Bridgestone and Continental, two of the 'Big Five' companies and are already engaged with executives at Michelin, Pirelli, Continental, and Bridgestone. The Waxman team met with Bridgestone in early January 2018 and have met with Pirelli, Michelin, and Continental in Fall 2017.

The high consumer brand profile of the 'Big Five' tire firms makes them potentially vulnerable to public pressure if serious human rights violations linked to land-grabs were discovered within their supply chains. With the rubber market dominated by such a small number of companies, there is high potential to shift the sourcing practices of the industry quite quickly, as has happened with the Southeast Asian palm oil and paper industries, as well as the Brazilian soy and cattle industries.

Through exposés in the media of the negative social, environmental and governance impacts of rubber plantations linked to tire companies and public-facing market campaigns, our two organizations will, along with our partners, leverage consumer and financial pressure to persuade companies sourcing rubber to adopt strong forest and human rights policies.

Using our extensive experience developing campaigns, we will organize communications such as reports and media communications and consumer campaigns in strategically chosen international rubber markets in the United States, European Union, and select Asian countries to build support for action (modeled on campaigns our teams have undertaken on palm oil, paper, timber, and rubber with support from Norway in the past). We will work through the supply chain with a focus both on name-brand tire companies, car companies, the aerospace industry and other related players. Both organizations have engaged in many other successful examples of this model.

CIP's Mighty Earth program drove the launch of an investigation into Korindo, a Korean conglomerate responsible for significant deforestation and community rights abuse in Indonesian Papua. This campaign resulted in all of Korindo's major palm oil buyers suspending purchases, the launch of an Indonesian government investigation, and significant international, Indonesian, and Korean media attention.<sup>16</sup> This campaign has also made palm oil and other companies more willing to consider joining with other companies to create a more systematic, effective, and transparent region-wide private sector approach to stopping deforestation.

By bringing greater awareness of the impacts of rubber production to consumers and perhaps even weighting an 'ethical score' to companies that make the right pledges, we can seek to make it much easier for consumers to be empowered and to speak out. Our campaign will define clear messages for consumers about problems and solutions, mobilize activists through online and offline actions run by partner organizations with considerable experience of campaigning, and use the consumer momentum to apply pressure on tire and car companies, and other users of rubber.

Engagement with consumers has been a critical component of previous campaigns targeting other commodities associated with deforestation, including palm oil, timber, pulp and paper, soy and beef. Success depends on a compelling message which we will craft based on our investigations in the Mekong, the best available science on rubber and deforestation, and our experience with making persuasive cases. The first targets will be chosen based on their role in driving deforestation and land grabs, as well as reputational dependence/vulnerability.

This research will be complemented and/or framed by wider commodity trade analyses that contextualize rubber supply chains and guide engagement in major consumer, processor, and export markets.

In Vietnam, Forest Trends will work with Vietnamese rubber associations (through existing partnerships and an MOU with the VRA) to conduct joint research assessing the current scope of rubber investment in the Mekong and opportunities to improve domestic production models. This research will involve surveys of rubber association member companies to better understand how Vietnamese companies invest in rubber plantations domestically, as well as internationally in Laos and Cambodia. Surveys will be complemented by workshops to introduce, inform, secure buy-in and disseminate the findings.

Forest Trends remains highly connected to Vietnamese CSOs and international NGOs in Vietnam as well as research institutes and academics working there on environmental issues and rubber specifically, in order to be ready to capitalize on chances to develop research reports and research-based advocacy that effectuates change. Further ongoing consultation will be required with experts who have written extensively about environmental reforms in Vietnam and about what makes certain initiatives successful, as well as influential individuals, NGOs and CSOs, networks, and agencies working on parallel processes (such as REDD+ and FLEGT). We also remain highly connected to Vietnamese journalists through Forest Trends, which has to date developed a successful media campaign around timber imports resulting in thousands of articles covering the timber trade (and forest governance issues more broadly), and will continue utilizing mass media as a key campaign strategy for disseminating research results.

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<sup>16</sup> This campaign is available for view at [www.mightyearth.org](http://www.mightyearth.org).

**Output 1.2** Key players in the rubber supply chain - tire companies, automotive companies, aerospace companies, and investors - lay the groundwork for and/or adopt "no deforestation, no exploitation" policies.

#### Direct engagement with the tire industry

Since 2016, CIP has been engaging with the world's leading tire manufacturers to increase their awareness of, and need to respond to, the growing problems around land grabbing and deforestation in the natural rubber sector. This has included providing input into the evolution of new company policies and standards on sustainable natural rubber, notably with Pirelli and Michelin. Waxman has also already been engaging with dozens of key companies to pressure them towards reforms, including tire companies like Bridgestone and Pirelli, and car companies like Renault and Chrysler Fiat.

Increasing this level of engagements to push the tire companies directly will be an important aspect of our strategy. At a large meeting on sustainable rubber held in Singapore in May 2016, attended by many key actors in the industry, it became apparent that several major tire companies now wish to quickly move before scandals emerge and consumer awareness is raised – as happened in the palm oil sector. It will be vital to ensure that the key actors (notably the Big Five tire companies) have one unified platform and push in a concerted fashion for a strong standard on no deforestation and zero land grabbing in natural rubber supply chains, so that sustainability efforts are not dispersed and, thus, watered down. The system must include strong standards of FPIC, human rights, zero deforestation and full traceability of the supply chain to all plantation rubber (traceability down to the smallholder level can be built in as a further step that comes later).

Ultimately, we will employ a two-pronged strategy of: employing accountability tactics as a method of critiquing companies and exposing bad practices in the allocation of concessions; and engaging directly with companies, investors and industry bodies which are willing to have meaningful discussion, to assist them in mitigating the social, environmental and governance risks associated with large-scale agribusiness by developing and adopting best-practice standards, both within individual companies, and across the agribusiness sector. This 'challenge and engage' model, while appearing contradictory at first glance, has, in our combined experience, the potential to deliver rapid and meaningful change within the rubber industry.

#### Investor engagement

Besides consumer-facing campaigns, we will work on investor-facing campaigns to raise due diligence standards for overseas agribusiness investors, both through direct engagement with financial institutions, as well as through targeted policy interventions to tighten the rules for financial companies around undertaking due diligence on land-based investments. Through CIP and Waxman's previous work on palm oil and soy, we have developed a network of investors who represent several trillion dollars in assets under management - notably including investors organized through the UN Principles on Responsible Investment (UNPRI), as well as advocacy investors such as Green Century Capital Management and New York State's Common Asset Retirement Fund. Glenn Hurowitz was invited to present at the UNPRI recent conference in Singapore, and briefs the group several times a year, which manages trillions of dollars of investments worldwide. We will collaborate with them to engage with the rubber sector and with investors to file shareholder resolutions with tire and other companies, where viable.

We will also continue to engage with the handful of banks working to drive sustainability in palm oil (such as BNP Paribas) to include rubber in their focus and progress, and to call on companies to implement their pledges, including by asking companies to pressure problematic suppliers to adopt their own forest and human rights policies. We will also demonstrate to both banks and institutional investors the financial risk implicit in investments in unsustainable rubber operations. In addition to private investors, we will also seek opportunities to engage sovereign wealth funds in the drive towards sustainability. The Waxman team is, for example, already working with Singapore's People's Movement to Stop Haze (PM Haze) and a number of international partners



to urge the country's sovereign wealth fund, Temasek, to require the companies it invests in to adhere to strict forest conservation standards (including the commodity company Olam International). As part of the effort, we have harnessed support from thousands of Singaporeans to urge reforms by Temasek. Under this project, we would expand these efforts to engage other relevant international investors to focus on the rubber industry.

#### Engagement with other influential industry actors and initiatives

Shifts in investors' policies and the procurement practices of rubber buyers are likely to foster the transformation of upstream rubber industry behavior. We will directly engage with overseas rubber producers operating in the Mekong region, including the Vietnam Rubber Association, to push for the introduction, enforcement and transparent monitoring of policies respecting customary land tenure and environmental safeguards.

#### **Output 1.3 Rubber companies in Vietnam, with policy/regulatory support, improve compliance on rubber sourcing in adherence to international conventions on land rights and labor and other best practices.**

In Vietnam, Forest Trends will simultaneously engage with key government agencies and the Vietnam Rubber Association (VRA) (with which Forest Trends has an existing MOU). Rubber companies in Vietnam now realize the value of rubberwood and the VRA has been pushing members towards certification. This poses yet another opportunity to explore adoption of an internationally-recognized certification scheme for members' rubber plantation investments, billed as an incentive for more responsible investment and a means of accessing export markets. The VRA is a particularly strong ally as industry associations in Vietnam are seen as private sector but also quasi-governmental, and experience from the timber sector (in collaboration with Forest Trends) shows that they can be powerful forces in shaping government policy.

Together, Forest Trends and the VRA will seek to make progress towards adopting best practices for rubber sourcing, particularly for imports from elsewhere in the Mekong, and look to develop standards and guidelines that will help companies change their practices to ensure that they are not contributing to deforestation or land grabs. The VRA is already committed to developing such standards and meeting international best practices for rubber sourcing to continue supplying Michelin, Pirelli, and other companies that have instituted corporate sustainability commitments. This will specifically involve training 25-30 VRA member companies during the first two years of the project and following-up with member companies and relevant regulatory agencies through survey and one-one meetings to understand their current sourcing practices, risks and to encourage compliance with relevant laws and international conventions to which Vietnam is signatory (such as ILO 169, UNDRIP, and the Modern Slavery Act).

Forest Trends will also explore engagement with the Vietnamese Chamber of Commerce and Industry (VCCCI) with a goal of developing at least voluntary guidelines for investment in rubber.

#### **Output 1.4 Groundwork laid for Industry Joint Action Mechanism. An Industry Joint Action Mechanism is when companies work together with NGOs and governments to monitor deforestation in supply chains and to develop a list of non-compliant suppliers who, as a result, are no longer eligible to sell to participants of the mechanism.**

The team at CIP has worked with many corporate players in both the soy and palm oil supply chains towards joint action. Historically, the Brazilian Soy Moratorium and private sector joint action, has proven that joint action works. We have learned that industry players can be hesitant to take on these issues in a pre-competitive fashion so we have also taken on campaigns to "encourage" this method. For example, recently in soy we've pressured soy consumers throughout the EU, the US, and Asia to come together towards joint protection for an expansion of the Brazilian soy moratorium. To accomplish this, we put pressure on strategic soy customers, financiers, while working with the media to write on the topic. For our work in rubber we plan

to use a similar model to influence the top rubber users towards joint action. There is an interesting opportunity to shape the World Business Council for Sustainable Development's "Tire Industry Project" which currently has representation from 11 CEOs, including key players like Bridgestone, Michelin, Pirelli, and Continental. In addition, we plan to solicit advice from industry, government, academic and civil society experts to create an effective mechanism, taking into account lessons from the Brazilian Soy Moratorium and other successes.

### 3.4.7 Outcome 2

**Key rubber-producing countries in the Mekong lay the groundwork for stronger environmental and social safeguards and improved smallholder livelihoods in laws and regulations related to land, forests, investment, and commodity production, while key rubber-consuming countries consider new requirements for legality and sustainability of rubber imports and overseas investment in the agricultural sectors.**

**Output 2.1 Provision of technical advisory services and lessons-learned related to fair and equitable laws, policies and regulations that impact land and forests; the integration of anti-corruption "integrity mechanisms" into policies, regulatory frameworks and administrative processes in Mekong countries; and, pro-smallholder provisions that operate at a structural level, thus serving to improve livelihoods of smallholders engaged in rubber production.**

The initial focus of our work will be on **Myanmar** where security of land tenure is weak, as the government retains ultimate ownership of all land in the country and customary tenure rights have not been fully recognized by law. At the same time, rubber is expanding rapidly, particularly in the north and southeast regions, and while policymakers and industry recognize the environmental impacts, they have been resistant to changing their sourcing practices.

Forest Trends will therefore work in collaboration with local partners to conduct research and research-based advocacy to inform on-going dialogues around the land and forest policies in Myanmar. This work will start with new research and analysis on the political economy of the rubber sector in Myanmar, including an assessment of "conflict rubber" in country. Following the initial research, Forest Trends will disseminate reports and related outputs to the Myanmar Rubber Producers and Planters Association (MRPPA), government stakeholders, and tire companies considering investment in the country.

Through local partners, we will also engage with the evolving law and policy development process from the outset, with focus on improving land rights and integrating "integrity mechanisms" (anti-corruption principles) into forthcoming regulations at Ethnic Political Organization (EPO) and/or central level. Forest Trends has already been working with Ethnic Political Organizations to promulgate autonomous forest and land policies that go beyond national requirements in recognizing the rights and self-determination of local (ethnic) communities and women, and backstopping civil society and EPOs' efforts to harmonize resource reforms and development of anti-corruption "integrity mechanisms" in the context of the peace process to ensure a transition to good governance in the resource sector. Such mechanisms act as additional safeguards, or checks and balances, on political elites, helping to ensure transparent governance and swaying the balance of political power over land and natural resources towards civil society.

In **Laos**, there is now opportunity to engage with the land policy development and reform process and with a government that has shown renewed commitment to addressing corruption and catalyzing resource sector reforms. To date, this has resulted in anti-corruption trainings for government officials as well as a market decline in exports of illegal timber. While there are various ongoing land titling initiatives in-country, tenure security as a whole remains weak and land grabbing remains a significant problem in the case of large rubber concessions in the south of the country, while forced displacement/indebtedness of smallholder producers remains a challenge in the north.

Forest Trends will therefore work to develop strategic partnerships with government research institutions (such as NAFRI and NIRE) and conduct a baseline study to provide initial data and analysis on smallholder rubber production and tenure. Forest Trends will also scope opportunities to work with CSOs and private sector

leaders (Stora Enso) to pressure government to reform (we will also be working with Stora Enso under Outcome 3 at the ground-level to promote company-community engagement initiatives). Forest Trends already has a partnership with the FLEGT Standing Office and associated decision-makers. Further consultation and/or partnerships with NGOs such as the Land Information Working Group (LIWG), Village Focus International (VFI), Global Association for People and the Environment (GAPE), or academics specializing in the political economy of rubber production (such as Mike Dwyer and Juliet Lu) will guide our work in Laos.

Activities on the ground in Laos may be prevented, or severely delayed, by the often lengthy and demanding process involved in applying for and receiving permission to operate programs, particularly programs that are seen as not fully aligned with the aspirations of the government. Notwithstanding opportunities offered by the newfound political will of the Lao Prime Minister to promulgate and enforce its timber export ban and pursue anti-corruption reforms at the highest levels of government, the security risks in Laos for local partners remain a major concern, combined with the administrative and other challenges described above. Owing to security risks for local partners or CSOs and serious limitations in what can currently be achieved in Laos through government channels with regards to the enforcement of law and policy, LIWG, VFI, GAPE, and others have, however, already established a multi-stakeholder initiative on responsible agricultural investment with buy-in from both government and industry, so this is seen as a lower-risk partnership.

Our ability to build government support for improved policy and legal framework will hinge on prioritization of and protection of smallholders, thus creating enabling conditions for international donors such as Norway and the World Bank with explicit interests in promoting alternative livelihood and enterprise models.

CIP and Waxman will work with responsible businesses through delivery of Outcome 1 to advocate for new or strengthened government policies in rubber producing countries **across the Mekong region** to encourage better implementation of international best practices for agro-industrial concessions and investments. We believe that we will need to create significant private sector realignment before we are able to see a chance for meaningful engagement with these governments. In addition, we will monitor political developments in different countries, and calibrate our engagement and those of our partners accordingly. As the quality of rubber produced in Myanmar is currently considered to be too inferior for international tire manufacturers, it would be easy to encourage international players to refuse Burmese rubber if it does not comply with environmental and social protections. The potential to close off this growth market would likely have a significant impact on both the Myanmar rubber industry and economic development decision-makers. By beginning to insist on sustainability requirements for Burmese rubber before the country begins producing tire-quality latex rubber, the industry can be a proactive force in preventing land grabs and deforestation in the country in advance of its entry into the global supply chain. Over time, private sector realignment can help support efforts to establish land rights under Myanmar law.

CIP will raise attention to the business risks associated with investing or operating in the rubber industry in these countries due to weak governance and inadequate legal frameworks. Increasing recognition of these risks can have the effect of discouraging investment or procurement, sending a strong signal to governments that reform is necessary.

**Output 2.2 Increased momentum in support of development and implementation of demand-side policies and standards, including China's CCCMC industry guidelines for rubber investments and other demand-side measures for rubber in consumer countries (e.g. public procurement policies).**

In **China**, while the CCCMC guidelines have been drafted with input from Global Witness, there is growing skepticism of their potential impact on the Mekong region and much doubt of the “business case” for enforcing such voluntary standards. At the same time, China is the largest rubber import hub in the region, and is itself also a significant investor in natural rubber plantations in the Mekong region; therefore, the guidelines do have potential to shift the industry towards a due diligence approach – but only if applied at scale.

Forest Trends has a history of supporting the development of due diligence guidelines and extensive experience working in China in close partnership with government agencies and industry associations. As such, Forest Trends will work to support the development of the Implementation Manual and Indicator Systems for the CCCMC rubber investment guidelines, with a focus on influencing the training materials for company due diligence, in collaboration with CCCMC and Chinese and INGO partners. This has the potential to influence Chinese agribusiness companies on the standards that they could choose to adopt to ensure that Chinese investments do not contribute to land rights violations and their associated impact on forests and community livelihoods. Through this work, we expect rubber companies to increasingly understand the requirements for checks stipulated in the CCCMC guidelines and for up to five Chinese companies to have adopted the guidelines as a long-term impact.

In **Vietnam**, Forest Trends will capitalize on existing partnerships and MOUs with government agencies, timber associations, and the rubber association to encourage significant progress on legal compliance of rubberwood imports under Vietnam's FLEGT-VPA. To deliver the outcome in Vietnam, it is particularly important to work closely with both industry and government. Engaging with the Ministry of Planning & Investment and the Prime Minister's Office in Vietnam could be one way to advocate for amended investment practices, particularly as they are considered gatekeepers who approve larger agricultural investments in neighboring countries. Moreover, recently adopted international trade agreements commit the Government of Vietnam to new measures, which could potentially be leveraged for positive change within the rubber industry. The successful conclusion of negotiations for a FLEGT VPA could help, particularly given the development of an import control measure as a key component of the Timber Legality Assurance System underpinning Vietnam's VPA, which covers rubberwood. The Amsterdam Declarations on removing deforestation from agricultural commodity supply chains may also be helpful, referring to the importance of free trade agreements, investment and development policy more broadly, and we will explore those.

Through this engagement, Forest Trends will complete joint research with Vietnamese and Lao timber and rubber associations on illegal rubberwood production and imports in key countries, and outline implications for VPA policies and enforcement of VPA provisions for rubberwood in Vietnam. We anticipate that this will lead to increased compliance with the requirements of the FLEGT VPA and encouraging broader demand for legal rubberwood through imports into Vietnam, which in turn will have important impacts on the way that Vietnamese companies manage rubber plantations in the greater Mekong region and will provide important lessons for latex production.

Forest Trends will also work to promote **demand-side policy measures for rubber products in key export (consumer) markets**. This work will initially involve Forest Trends scoping opportunities for other regulatory approaches to address the global trade in "illegal deforestation" commodities (focusing on rubber) where voluntary "zero deforestation" approaches may not work. This will include capitalizing on recent momentum in Europe as evidenced by a 2017 feasibility study assessing policy options for the EU to step up action on deforestation and forest degradation and included a due diligence regulation option which would make it illegal to place illegally produced forest-risk commodities like on the EU market. As scoping of options continues in 2018, Forest Trends will brief EC policy makers through existing relationships and networks. If EC discussions stall, other avenues will be explored such as EU Member State public procurement policies. Forest Trends will also work to better understand the feasibility of demand-side trade measures for rubber in key consumer markets such as the EU, US, Australia, Indonesia, Japan, and the Republic of Korea, in addition to China and Vietnam through the existing Timber Regulation Enforcement Exchange (TREE) network. Forest Trends has been working with enforcement officials since 2012 to further understanding of complex high-risk supply chains for wood products and support coordinated implementation of the EU Timber Regulation (EUTR), the US Lacey Act and the Australian Illegal Logging Prohibition Act (ILPA), and more recently, in Asian countries developing demand-side timber import measures.

Finally, Mighty will work with our European partners to conduct advocacy targeted at EU policymakers to tighten regulatory requirements for EU financiers both within existing financial reforms and with new legislation if and where appropriate.

### 3.4.7 Outcome 3

Local and indigenous communities are better able to defend rights over land, forest, and other resources in the Mekong region. Civil society capacity to support these processes via legal and advocacy strategies is improved, within each country's unique space for CSO engagement.

**Output 3.1:** Provision of capacity-building services to empower communities to secure rights via legal or advocacy action. Actions may include, inter alia: receipt of compensation, engaging in dispute resolution, assertion of alienation rights (if recognized by statutory law), or other mechanisms

For local communities and indigenous groups, securing tenure rights is critical to facilitating sustainable rural development. Secure tenure is a necessary – but not in and of itself sufficient – prerequisite to responsible investment that benefits local communities. Building on existing work by Mighty and Forest Trends with local partners in the region, we will **work with local communities affected by rubber-related land-grabbing (and other forms of dispossession, displacement, or marginalization due to small- and large-scale rubber investments) to pursue advocacy and legal strategies to improve tenure-in-practice and participation in decision-making around land use, and win remediation or compensation for the loss of land and livelihoods.** This will include helping to initiate multi-stakeholder dialogues (e.g. between communities, local CSOs, public officials and company representatives), and supporting ongoing processes by which national-level civil society organizations are working with companies to initiate dispute resolution mechanisms and clarify tenure arrangements in both large-scale plantation land and other rubber production areas in which smallholder models (e.g. contract farming, land leases, nucleus-out grower schemes) dominate.

Supporting local communities affected by agricultural investments through advocacy and legal strategies, and training them to become their own best advocates through community organizing, supports their demands for compensation by companies and local authorities. These efforts will also support local actors whose voices can be amplified in global campaigns, and in efforts to convince multi-national companies to change their operations. However, it is important to recognize and take steps to reduce the risks related to such approaches, particular with regard to the often slow and imperfect legal systems and the possible personal repercussions for the plaintiffs.

#### Myanmar:

In Myanmar, Forest Trends research has further demonstrated the link between rubber, deforestation, and corruption (in the north), and the need to consider concrete social and political dynamics in rubber investment given the links between rubber production and ethnic conflict (in the southeast):

- In Kachin State, which boast some of the highest forest cover in the country, only 12% of the 1.4 million acres allocated for rubber and biofuels expansion has been planted – though much of this area has been cleared of both forest cover and existing villages. Government data support the notion that these concessions provide legal loopholes for companies to access valuable timber, bypassing the difficult process of obtaining a logging concession, or to engage in legal land grabs for speculative purposes.<sup>17</sup>
- In southeastern Myanmar (Tanintharyi region), smallholder rubber schemes are exhibiting the classic dimensions of land grabbing, including coercive land loss and the presence of state-backed violence. Production by Mon businessmen who have expanded southwards represent an important piece of the wider displacement of Karen communities in armed conflict areas. By locking in Mon land use,

<sup>17</sup> [http://forest-trends.org/releases/uploads/Conversion\\_Timber\\_in\\_Myanmar.pdf](http://forest-trends.org/releases/uploads/Conversion_Timber_in_Myanmar.pdf)

rubber is contributing to erasing Karen claims on lands from which they were forcibly removed from the military, undermining post-conflict resolution and land restitution processes.<sup>18</sup>

Now is an urgent time to act on the intersection of tenure and rubber in Myanmar, as rubber is poised to be the next strategic “boom crop” promoted by the government. This is particularly true in Tanintharyi region, which to date has been dominated by oil palm expansion, but where regional policy makers and the Myanmar Rubber Producers and Planters Association (MRPPA) are actively courting Michelin, Bridgestone, and other large buyers.

While some CSOs and CBOs in Tanintharyi are beginning to investigate the social impacts of rubber expansion (including key researchers who have been integral to Forest Trends’ own field research), they do not yet have the capacity to file legal challenges or advocate at scale to ensure more sustainable production. Under this Output, **Forest Trends will conduct trainings with both northern and southern CSOs to strengthen their capacity to self-organize and undertake legal challenges where applicable; encourage sharing of case studies and data; and, formulate joint advocacy strategies.**

#### Laos:

The rubber sector in Laos, and its impact on smallholders, is far more established and better-understood than that of Myanmar. While rubber was initially embraced as a strategic crop in the boom years of the mid-2000s, the global decline in rubber prices in recent years eroded much of the initial enthusiasm that it would provide a pathway out of poverty – and a means of obtaining *de facto* land tenure security in the absence of formal title or other statutory recognition of rights – for upland communities. Not only have large-scale rubber concessions been associated with land grabs and forced displacement, but even small-scale contract farming schemes have run into a number of problems, including state coercion, lack of transparency in pricing and contract terms, and opportunistic corporate behavior that forced poor smallholders to sell land to wealthy elites.<sup>19</sup> Meanwhile, knowledge of the land acquisition process is limited and confusing; communities are largely unaware of their rights (where they exist) and thus have limited capacity to participate in negotiations or advocate for FPIC.

Laos has since put a moratoria on new rubber concessions and committed to develop smallholder-friendly policies. Concurrently, and unique in the Lao civil society space, domestic and international NGOs, companies, and government agencies formed the Responsible Agricultural Working Group in response to growing concerns about the impact of land-based investment. To date, Village Focus International (VFI), Global Association for People and the Environment (GAPE), and others have been working with Stora Enso-Laos and other responsible companies to demystify the land acquisition process and set up community engagement tools to clarify land tenure in and around concessions, establish dispute resolution mechanisms, and develop land lease arrangements. Forest Trends will work with civil society partners to support these processes.

#### Throughout the region

CIP will support this work in both a proactive and reactive way. Proactively we will support trainings and capacity building for local CSOs. This exact work will be mapped out in the first few months of the project to determine the exact need. On a reactive level we plan to support CSOs with any legal issues that may arise.

**Output 3.2      Leverage existing and new research on best practices for securing tenure via titled or non-titled means in rubber landscapes in the Mekong, with focus on emerging policy solutions that protect smallholders**

<sup>18</sup> Woods, Kevin. 2018 forthcoming. Rubber expansion and land conflicts in Tanintharyi region. Forest Trends and Mekong Regional Land Governance (MRLG) Project.

<sup>19</sup> [http://www.forest-trends.org/documents/files/doc\\_5605.pdf](http://www.forest-trends.org/documents/files/doc_5605.pdf)

While Outcome 3 is not explicitly focused on policy per se, **Forest Trends will also leverage existing and new research on best practices for securing tenure in rubber landscapes, with a focus on emerging policy and legal solutions 1) that have the potential to protect smallholder interests, and 2) where civil society inputs have been invited.**

We therefore promote a **dual approach to advancing the rights of local communities and indigenous peoples** – on the ground, via capacity-building to enable CSOs and community-based organizations to successfully self-organize and pursue legal and advocacy strategies (e.g. access to legal assistance, grievance and recourse mechanisms, and dispute resolution processes, and the monitoring thereof for those affected by land grabbing); and, at the policy level, to push for statutory reforms that ensure a full bundle of rights – including the right to exclude outsiders (such as proposed concessions).

Efforts will be made at both levels to ensure gender equity. At the ground level, we are cognizant that community advocacy processes are often subject to traditional norms and dominated by local elites, which are by and large elderly men in customary tenure systems. At the policy level, national laws and regulations that do recognize rights are often “gender-blind” and therefore do not secure women’s rights explicitly; where they do specify the rights of women, they often fall below the requirements of international law and non-binding standards such as CEDAW and the Sustainable Development Goals. Inadequate legal protections enable discrimination against women and jeopardize their livelihoods at the community level. According to the Millenium Challenge Corporation, the ability for women to inherit, possess, and control rights to land is a crucial social safety net. Land policy reform is particularly meaningful for women because access and control over land and resources increases their ability to earn income which generally means greater spending on nutritious food, healthcare, and education.<sup>20</sup>

However, we are also cognizant of the limited political space for civil society engagement in the Mekong region, and our work will therefore be based on an ongoing risk assessment of how CSOs and CBOs should best engage on issues of community-company disputes specifically, and land reform more generally. For example, if a new law or policy is under development but decision-makers have specifically requested that CSOs *not* provide inputs, or evidence emerges of an uptick in violence against land defenders pursuing legal actions against a company, we will reassess our activity profile and timeline.

Under this program of work, Forest Trends will generate a **written analysis of the political economy of the rubber sector in Myanmar**, focusing on the political-economic factors that support patterns of corruption in the sector. We will also **compile research demonstrating the impacts of rubber investments and the emergence of “conflict rubber,” to be disseminated to companies, governments, and donors.** With CIP, we will disseminate the results of this work directly to Michelin, Bridgestone, and other tire companies considering expansion into Myanmar. We see this “indirect” approach as more strategic given that government and industry in Myanmar, while sympathetic to concerns about rubber’s footprint on forests and climate, are unable, or unwilling, to recognize their role in endangering community tenure or exacerbating violent conflict. It is telling that civil society input is unwelcomed in the drafting of a new law on rubber investment. Forest Trends is well-positioned to lead this work given its decade-plus experience producing rigorous analyses and forging partnerships with civil society at the intersection of land and forest policy, commodity production, environmental peacebuilding, and resource rights in Myanmar. We also aim to be a thought leader among international NGOs working in Myanmar (such as WWF and Oxfam), who have not focused to date on tenure and conflict issues in the rubber sector, but who have expressed willingness to partner with Forest Trends in this work. We hope that engagement with these constituencies – as well as governments and donors – through sharing of research and insights will subsequently influence their agendas for investment in smallholder livelihoods in and beyond the rubber sector.

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<sup>20</sup> <https://www.mcc.gov/who-we-fund/indicator/land-rights-and-access-indicator>



In Laos, we will conduct **research on how rubber farming arrangements can best support smallholder livelihoods**, and scope **opportunities for engagement in policy processes that could provide statutory recognition of local tenure**, such as Village Forestry legislation.

## **Section Four: Security Risks, and Risk Mitigation/Management**

Risks inherent to this project are real, particularly for local partners. In the course of our work, we constantly seek to mitigate and manage risks, taking comprehensive and careful steps to plan for, pre-empt, rapidly identify, respond to, and reduce the risks to all parties involved. We take into consideration government control, corruption, and the lack of freedom of speech in the region, as well as recent crackdowns on local civil society and diminishing freedom to organize in several Mekong countries.

We will work with local partners in the region, who may include LICADHO, EarthRights International and Front Line Defenders, as well as the local UN Human Rights offices, to prepare for any possible physical or legal attack on individuals with whom we are working.

We will carefully consider all of the threats associated with the work, particularly risks to local parties assisting in investigations, community organizing and campaigning in Laos, Myanmar and Cambodia. In situations where partners are doing work that may expose them to danger, we will undertake a thorough risk analysis and create clear guidance and security protocols for those deemed to be at risk. If necessary we will be giving people panic buttons and GPS locators, as well as providing training to local partners, finding local lawyers to represent anyone working on the project as needed in an emergency, and setting up emergency protocol of action in the event of an emergency.

In the event that a person associated with this project experiences any physical or legal reprisals in Cambodia, LICADHO can play a key role in providing any needed assistance. They can handle interventions with local authorities and court officials, medical assistance to prisoners, as well as prison monitoring. LICADHO is well positioned to help us ensure that pre-trial detainees have access to legal representation, provide victims with legal advice by a paralegal team and, in key cases, legal representation by human rights lawyers. As the strongest human rights group on the ground in Cambodia, a talented staff, numerous offices and extensive experience of fighting tough battles, LICADHO would be an optimal partner. LICADHO can stand at the ready to provide legal assistance and emergency response in the event that any project staff or ally is arrested, imprisoned, or charged with a crime. Front Line Defenders can be a core ally in the case of any credible physical threat to a person associated with the project, no matter where they are located. Front Line Defenders can provide: international advocacy on behalf of human rights defenders at risk; emergency support for those in immediate danger; grants to pay for the practical security needs of human rights defenders; trainings and resource materials on security and protection - including digital security; an emergency 24-hour phone line; even temporary relocation in emergency situations.

Political risk is high among some producers and government officials in the Mekong region. In Laos, civil society remains severely constrained and threatened by government. In Cambodia civil society has been a vibrant contributor to the country's dialogue, though it faces new threats. In Laos, opportunities for government reform appear particularly limited given the country's political system and control which limits civil society to operate effectively. Governments in the Mekong region may find it difficult to overcome official and producer-based resistance to change regulations, policies, and programs affecting rubber production. Over the long term, potential consequences of such failures of political will could reduce the ability of the project to achieve the projected outcomes.

In Myanmar, the ongoing transition from conflict to peacebuilding poses unique risks. As part of Myanmar's re-engagement with the international community, the national government has formally signed many international governance treaties, including those relevant to resource governance (e.g., EITI, VPA for FLEGT, REDD+). Civil society has responded to the country's political and civil opening that has provided new political

freedoms. One of the issues that has been most successful in bringing different civil society stakeholders together is natural resource governance-reform, oftentimes collaborating with relevant government ministries and departments. But the opening political space has not been without regressions. Since the NLD has taken office, for example, there have been signs of curtailing some CSO and journalist activities. So far, however, most CSOs are able to continue to carry out their activities without substantial disruption from the government or military.

The National League of Democracy (NLD) administration may be slow or disinterested in implementing changes to resource governance in the face of entrenched economic interests, with politics-as-usual dominated by Burmese with little attention paid to ethnic groups. This may result in data or partners being difficult to access, restricting research and our ability to leverage evidence into policy advocacy; an influx of demand-driven FDI lacking in environmental and social safeguards; the loss of reform-minded individuals in government, resulting in a halting of political momentum; and/or a slowdown in funding and support for donor-driven initiatives such as FLEGT, undermining both capacity and political will. An influx of FDI is already the baseline case, and thus seen as highest existing risk. It is less likely that civil society will face restrictions in Myanmar as severe as those in Cambodia and Laos. Instead, our largest partner-related risk is that civil society partners will need technical assistance conducting research. Forest Trends has responded to this risk in the past by implementing a mentor-based model, in which local partners work closely with international experts.

In Vietnam, our work program is designed to be flexible and responsive to a shifting policy landscape. This allows us to reduce risk by taking advantage of windows of opportunity to work with reform-minded leaders, but having other partners when these windows close. Specific risks in Vietnam include: a backwards shift in political will regarding regulation of the rubber sector, and certain private sector actors remaining uncooperative in ridding supply chains of deforestation and illegal activity. These risks are marginal.

In addition, pervasive corruption affecting land use and associated legal and political risks in Cambodia and Myanmar, as well as dramatic negative shifts in economic and/or political conditions in the Mekong Region and the upstream rubber industry more broadly, threatens the conditions for progress on sustainable development plans. Legal and political risks due to corruption might also discourage investment in commodity production with sustainability safeguards, and reduce the value of incentives for improved production and smallholder incentivization.

The focus of this project inherently works to mitigate political risk by focusing on transforming the private sector. instance, by committing influential tire and rubber companies to protect forests and apply strong human rights standards to their operations, we will in some cases create direct progress on the ground regardless of government policies or practices. More broadly, private sector transformation can create an incentive for companies that commit to sustainable practices to ensure that the same standards apply to competitors by supporting (or at least not opposing) government action to protect forests and respect land rights.

In addition, given the significant repressive actions against civil society and democratic engagement more broadly, we will constantly reevaluate our sub-grant strategy and countries of focus. We may temporarily curtail or redirect subgrants in countries where doing so would create unnecessary risk for subgrantees or the program. For instance, we are monitoring and evaluating the viability of support for Cambodian civil society following the closure of independent publications and the arrest of the opposition leader.

Private sector companies that engage in deforestation or are connected to deforestation in their supply chains often claim that a shift to deforestation-free production can lead to smallholder exclusion from the supply chain. We have not seen extensive evidence of this phenomenon in the palm oil industry, and our conversations with tire and rubber companies suggest that to the extent there is any truth to this claim, it is avoidable through clear mitigation actions. Specifically, we intend to ensure that smallholder inclusion is part of the “ask” that we bring to companies and governments, as it has been in our work on palm oil and other commodities. We will work to ensure that once strong forest conservation and human rights policies are adopted, companies

and third-party sustainability implementation organizations and consultants expend significant effort to train smallholders in their supply chains to help them comply, and provide incentives for the shift to deforestation-free production. In addition, we will work with international development donors such as World Bank, IFC, IDH and implementation organizations like TFT and Rainforest Alliance to provide additional training and incentives to complement private sector efforts.

There is risk that tire and auto companies fail to deliver on their forest and human rights policies, through lack of investment and/or transparency and that producers circumvent or refuse to implement these policies, in the environmental, human rights, or smallholder inclusion areas. Flaws and lack of transparency in corporate verification systems could reduce the credibility of corporate zero deforestation commitments and certification schemes, undermining confidence in the results of our advocacy.

To mitigate this risk, project partners will focus substantial efforts on monitoring of policy implementation well after policies are adopted. We will analyze, demonstrate and expose supply chain problems when they first occur, to make it difficult for rubber companies to renege on their commitments. We will conduct remote sensing monitoring of their supply chains, and field investigation to verify compliance. With additional resources, we could do this on a comprehensive basis, but will at least do this on an ongoing spot-check basis across relevant countries.

There is a risk that international donor interest in helping drive reductions in deforestation through private sector investment and/or smallholder inclusion will wane. While this is unlikely to be a risk in the near-term given recent prominent funding commitments, through our engagement and public education about the need for this type of investment, we hope to create a favorable international environment for continued support for these type of REDD+ activities.

We will also meet with these companies and offer advice on how to start taking action and how to fully implement them, pushing for a industry joint action mechanism to enforce commitments. We will also work with the customers of these companies to encourage them to similarly monitor and maintain pressure for effective implementation. We will encourage their major supply chain customers and public consumers to demand full implementation. By directly engaging with the 'Big Five' and other tire and auto manufacturers, we can influence development of new procurement policies. We believe that the tire companies will increasingly need to engage with civil society if they want to show a genuine intention to reform their practices or risk negative publicity.

#### **4.1 Exit Strategy**

If funding ceases after three years, we are confident that the changes fostered through this project will create important momentum for zero-deforestation and zero-exploitation initiatives within the rubber industry. As detailed above, a goal of this project is to ensure increased international donor investment in forest conservation, governance and land rights protection with the emergence of sustainable land use models in target producer countries. Additionally, we believe that an industry joint action mechanism and the promotion of sustainable rubber production models can be upheld by funding from the private sector after our initial efforts lay the groundwork.

Mobilizing both public and private demand for better rule of law in the resource sector will provide a legacy for this project. By building capacity for civil society organizations and local communities under Outcome 3 we will enable these groups to take these processes forward without donor and international NGO support once the project is finished. Reforms necessary for revising legal and regulatory frameworks to improve forest governance and the rubber sector in producer and demand-side countries will affect all land management and governance activities into the future, beyond the life of the project. Establishing a consensus between the public and private sector on how to improve these frameworks will likewise have lasting impact on land use practices and position the private sector to leave a "legacy" of good governance by a) advocating for

improvements in legal and regulatory frameworks that level the playing field and setting a higher bar for other industry actors to adopt similar guidelines, and b) creating political space for legal and regulatory frameworks. In addition, by targeting young national experts as key beneficiaries of capacity-building efforts and ensuring ownership of product by local civil society partners, under the project, we will ensure that CSOs and researchers are able to continue policy engagement based on new data and have the necessary research and advocacy skills to continue this work when funding ends.

We have also begun to identify other potential philanthropic and governmental funders who might be able to complement NICFI's contribution. We hope that in demonstrating success in this project, which largely targets the private sector, we would be able to raise subsequent funds to transform producer governments. As outlined in this proposal, in the next three years we will have strengthened the capacity of local groups to conduct their own advocacy. Additionally, we will prioritize ensuring that additional funding secured goes to provide sustained financing for sub-grantees that are funded as part of the project so that they can continue to offer ongoing support to civil society in producer countries. We are also open to working with other partners active in the region recommended by Norad.

We will develop a road map for an exit strategy as part of this project. We already have plans for follow-up work focusing on developing alternative livelihoods, but this will be adapted into our exit plan as the project develops and we get a better sense of other funders and our long-term work in the region. Subsequent years of this project would focus more on livelihood elements with special attention to actions that promote gender equality.

## Section Five: Alignment with NICFI Strategic Priorities

### 5.1 Project Relevance to Priority NICFI Objectives

The proposed work program would align strongly with two of the Norwegian government's three key objectives with regards to protecting forests and promoting sustainable development.

- a) Governments in targeted developing countries have implemented REDD+ related policies, measures and safeguards, such as policies for green growth, sustainable livelihoods, land use-planning, the rights of indigenous peoples and local communities and women's rights.**

As detailed above, we hope that our work to transform the private sector creates new political realignments that facilitate improved and expanded REDD+ programs, including forest law enforcement, sustainable, inclusive development (including gender inclusion and improved working conditions and economic opportunity for women). While we will evaluate opportunities as they arise, some key work areas include:

- Working with our local civil society partners in Myanmar, CIP and Waxman will engage the new NLD government to ensure that the principles set out in the recently published national land policy, which recognizes traditional and community rights to land, are further strengthened and enshrined within the forthcoming land law. Where land rights violations linked to rubber concessions have occurred, we will also be working with local CSOs in countries across the region to provide support for advocacy and legal challenges to secure the land rights of affected communities.
  - We will also focus on improving policies for land and forest governance of rubber companies in the home countries of investors, most notably in Vietnam and China. In the case of the former, we will focus initially on the government's mandate over VRG and access industry actors at scale through the Vietnam Rubber Association, while in China we will work through the CCCMC to develop due diligence standards that will apply to the entire Chinese rubber industry. In parallel, we will campaign for tighter rules regarding international investment in the agribusiness sector to prevent the financing of land-grabs and deforestation and explore demand-side policy options in key export markets. Private sector realignment may create an opportunity for governance reforms in other countries.
- b) Private sector actors have implemented social and environmental policies and practices that reduce the pressure on forests, and are engaged in global public-private partnerships to reduce deforestation.**

One major goal of this project is to ensure that the end-users of natural rubber adopt and rapidly implement strong forest conservation<sup>21</sup> and human rights policies. This effort will start with an initial focus on the 'Big Five' tire companies, which account more than a third of natural rubber consumption. We intend to leverage these changes to drive the adoption of strong standards by the whole industry and will work to ensure that policy shifts at private companies will make an impact at all levels of their supply chains.

This initiative will also work to ensure that financial institutions around the world adopt strong forest, land and human rights policies, for investments in the Mekong and rubber, as described above. In addition, the financial sector has lagged other supply chain companies in terms of sustainability, and have generally only taken action in commodities where significant NGO campaigning is occurring. We will engage with key financial companies to increase awareness of and mitigate the potential risks involved in land-based investments and publicize instances where banks do not adhere to strong standards, and push for improved regulatory frameworks (notably in the EU) to ensure stronger due diligence requirements on land and forest for financiers.

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<sup>21</sup> Generally consistent with the High Carbon Stock approach ([www.highcarbonstock.org](http://www.highcarbonstock.org))

## 5.2 Project Relevance to Key NICFI Thematic Areas

### I) Securing Indigenous and Other Forest-dependent Populations' Rights and Interests

The key beneficiaries of our activities will be the communities affected by land-grabbing and natural resource losses due to agro-industrial plantations in the Mekong region. These communities, whose livelihoods, food security and well-being are all negatively impacted by agro-industrial plantations, are primarily indigenous peoples and minority ethnic groups that live in the forested and upland areas.

We will help communities advocate for their rights to land and natural resources, strengthening their voice and engagement with agro-industrial companies and policymakers. We will primarily work through locally based CSOs to reach and support indigenous communities that we will meet during our country visits, while striving to reduce the threats faced by community land rights activists.

### II) Deforestation-free Commodity Supply Chains and Green Growth

The focus on rubber within this proposal is intended to tackle an agro-industrial commodity that has become synonymous with land-grabbing and deforestation across the Greater Mekong Region. While the majority of natural rubber produced in the world's leading rubber exporting countries (Thailand, Vietnam, Indonesia and Malaysia) is grown by smallholder farmers, the rubber boom that started in 2007 across Cambodia, Laos and Myanmar has mainly arisen through large-scale investments in rubber plantations. Indeed, expansion in the rubber industry has been the single biggest driver of land conversion.

In Cambodia, for example, rubber plantations make up more than half of all Economic Land Concessions (154 out of total of 272) covering nearly one million hectares of land. This allocation has been problematic due to the weaknesses in the governance of land and forests across the region. Moreover, compared to some other agricultural commodities, the rubber sector has relatively poorly developed environmental, social and governance safeguards as well as low industry standards throughout the natural rubber supply chains.

The goal of this project is to trigger a dramatic shift in behavior by rubber investors to prevent land rights violations and associated deforestation within the region. It will be key to ensure smallholder access to global markets.

### III) Improved Transparency, Governance and Legality

The rubber industry needs systematic transparency goals: every rubber company, and the industry as a whole, must ultimately provide information about a) supplier identity b) plantation location c) supplier compliance with HCS, human rights and d) regional compliance. Our project will seek to promote this, perhaps in line with what an industry "Joint Action" mechanism can achieve (much like the Soy Moratorium in Brazil, whereby industry actors work together, in an agreement alongside civil society, banks and government which bars traders from selling soy linked to deforestation in the Amazon). In this case, companies work together with NGOs and governments to monitor deforestation in supply chains and to develop a list of non-compliant suppliers who, as a result, are no longer eligible to sell to participants of the mechanism.

Aside from legislative changes at the national level, we aim to bring dramatically increased transparency to the rubber industry across the region. Similar to the new model that Wilmar and other companies have adopted in the palm oil industry, companies either individually or jointly will be required to provide additional information about their plantations and suppliers to guarantee effective implementation and enforcement of their improved policies. We will work to ensure that this information is easily accessible through platforms such as Global Forest Watch. In addition, our investigations will provide new information on the operations of companies in these sectors and unveil any links to corruption or poor governance.

By persuading companies to adopt strong forest and rights policies, we will create a powerful incentive for them to ensure that their competitors and suppliers are covered by these policies, as well. We will also explore the potential to increase enforcement of existing regulations in consumer countries or help create

new regulation modelled, for instance, on the United States' Lacey Act or the EUTR, which would prohibit trade in illegally-sourced rubber. This will be reinforced by our advocacy work targeting greater due diligence requirements amongst European companies and investors around land, environment and human rights issues.

In addition, we will work to support civil society and legal efforts to improve governance of land and forests in the region. Global Witness has already acted as a catalyst for local NGOs to challenge the actions of rubber investors. Since launching our '*Rubber Barons*'<sup>22</sup> report, a number of civil society groups in the region have approached us to find out how our advocacy strategy can be expanded and scaled up both domestically and regionally. This project provides an ideal opportunity to share and improve our strategies within a broader and stronger civil society network.

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<sup>22</sup> <https://www.globalwitness.org/en-gb/campaigns/land-deals/rubberbarons/>



## Section Six: Partners

This section clarifies responsibilities for project implementation and management between Waxman Strategies and Forest Trends on the one hand, and sub-grantees and collaborating organizations on the ground, on the other, in delivering on our four core outcome objectives.

*Outcome 1: Companies producing, sourcing and investing in rubber from the Mekong region introduce proactive commitments and measures to enforce “zero land-grabbing” and “zero deforestation.”*

CIP will lead the work on supply chain research and corporate research on the structure and operation of target companies, influencers, and how to best effect change with them. During the Project, Mighty will be primarily responsible for leading field investigations looking into human rights abuses, land-grabbing, and corruption, though all groups will contribute to the investigative aspect of this project. We will develop a joint approach in order to mutually support each other when launching reports based on the investigations, for the media and in communicating the findings to key audiences.

CIP will play a leading role in implementing campaigns to persuade private sector companies to act, as well as corporate engagement. Waxman will support this work through implementing the communications (including online) and public education components of this campaign.

CIP will also provide a platform for local civil society partners in the region to engage with influential international corporate actors, and will work with these partners to collect powerful stories to influence consumer opinions and challenge corporate practices in the rubber industry.

Forest Trends will complement this work by conducting supply chain and trade flow research, independently or (in the case of Vietnam) as part of an MOU with key industry and government actors.

Forest Trends will also work closely with Vietnam Rubber Association member companies and the Association itself to improve compliance on rubber sourcing in accordance with best practices and international frameworks.

*Outcome 2: The groundwork is laid for laws and regulations related to land, forests, investment, and commodity production in key rubber-producing countries in the Mekong, while key rubber-consuming countries consider new requirements for legality and sustainability of rubber imports and overseas investment in the agricultural sectors.*

Forest Trends will lead on policy development and engagement with Mekong governments, focusing on Myanmar, Vietnam, and potentially Laos. This will include policy engagement and fact-based advocacy with key government actors (e.g. in Vietnam: VIFOREST, MARD, MOIT; in Myanmar: Ethnic Political Organizations, Ministry of Natural Resources and Environmental Conservation; in Laos: MAF, MONRE, DPI), and the private sector (rubber and timber associations in Vietnam).

CIP and Forest Trends will lead on subgrants to local partner organizations around government engagement, legal strategies, community organizing, and local initiatives. We will work on developing individualized collaboration plans with each local partner as appropriate for them, so as not to burden or distort their undertakings, whilst taking advantage of their existing projects and plans.

Forest Trends will also explore options for other demand-side regulatory action on rubber sourcing. This component will be expanded if co-funding allows. Waxman will provide relevant communications support for this outcome.

CIP will lead on working with EU advocacy organizations to support advocacy and outreach work to financiers.

*Outcome 3: Local community and indigenous rights over land, forests and natural resources in the Mekong region are advanced through advocacy and legal strategies.*

CIP will provide subgrants to partner organizations in Cambodia and Myanmar seeking redress for communities illegally displaced by land grabs for rubber plantations. We will provide research on company ownership and legal analysis, enable legal training for local CSOs, and help local organizations develop the capacity of communities to engage directly with companies operating rubber plantations.

Forest Trends will conduct trainings in Myanmar to CSOs/CBOs working on rubber in key producing regions, and work with CSOs in Laos that are collaborating with responsible private sector partners.

Forest Trends will channel lessons from research on implications of rubber investments on smallholders and communities in the Mekong region, and explore dynamics between smallholder rubber producers and processing companies to develop recommendations for how smallholder rubber schemes can result in real livelihood benefits.

Forest Trends will also expand collaboration with policy makers in support of this outcome, where opportunities exist leveraging existing research on the impact of rubber investments on tenure security and land conflict and supporting emerging opportunities for tenure reforms that recognize smallholder land rights. Waxman will provide relevant communications support for this outcome.

### **6.1.0 Overall management**

CIP is the Lead Applicant, and if the application is successful, would receive the grant from NICFI or NORAD in full and then sub-grant to Waxman and Forest Trends as well as the organizations identified below as sub-grantees. CIP will manage the formal relationships with all sub-grantees. CIP will take overall responsibility for management of the grant.

The project leader at CIP will lead the execution of the project and will be empowered to make decisions within context of the proposal's results framework and budget (see attached). The project leader will work with staff responsible for grant implementation to ensure effective financial management of grant partners and sub-grantees. Our staff work closely with partners as they developed their budgets, to ensure that the necessary spending needed to accomplish the project's goals is reflected. In order to ensure that adjustments are addressed promptly, the team will conduct regular meetings/communications with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this. Major strategic decisions or significant revisions to the project plan and results framework will be undertaken only with approval of CIP's Mighty Earth program CEO in consultation with project partners and Norad.

Programme implementation will follow a phased approach (see graphic below).

Phase 1: Investigations and markets campaigns

Phase 2: Engagement with companies and continued push

Phase 3: Leverage the lead companies' change into industry transformation

Phase 4: Advocacy with producer-country governments for change.

This approach will roughly correspond to the following timeline, which of course may change based on events.

#### **Year One:**

Year one will focus on investigation into rubber supply chains and dialogue/direct engagement with rubber and tire and auto companies. We will urge them to adopt zero-deforestation and zero-exploitation commitments. Investigative reports concerning rubber production supply chains from plantations linked to corruption, human rights violations and deforestation up to tire (or rubber) companies who purchase from them will focus on Myanmar, Laos, and Cambodia. Mighty will conduct a tire investigation linking historical land grabs in Cambodia

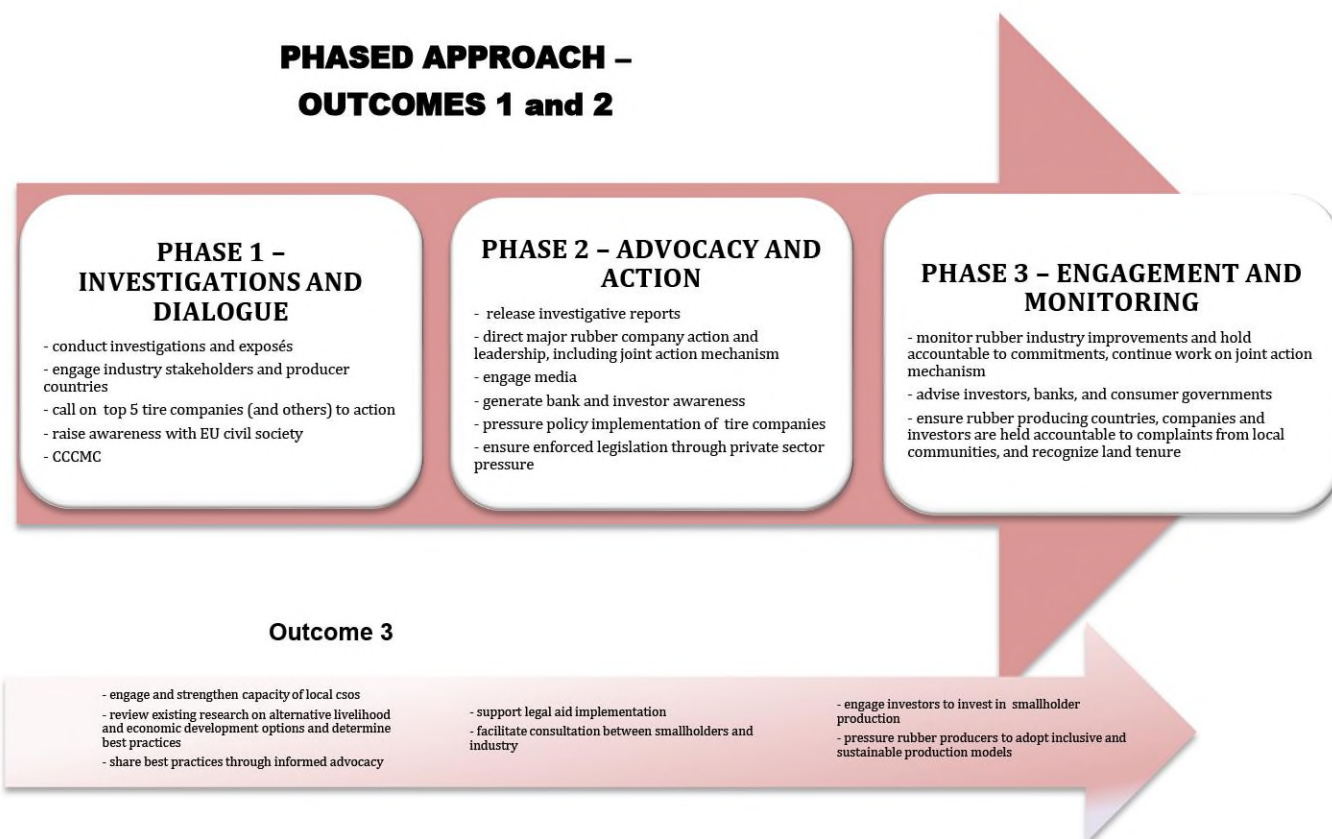
with (some) tire company supply chains – with the possibility of rolling in the research we have conducted into “Oknha” land ownership and ELCs in Cambodia highlighting the problem of elite capture in the land sector. Reports concerning investor analysis will focus on China, Vietnam and the European Union. Forest Trends will scale up engagement with the Vietnam Rubber Association and relevant partners, conduct supply chain research with a wide focus on producer countries in the Mekong, and export markets including Vietnam, China, and potentially the US, EU, Japan, Republic of Korea, Malaysia, and others. Forest Trends will also begin scoping partnerships in Laos, conduct background research on the political economy of the rubber sector and the extent of smallholder production in Myanmar and Laos respectively, and conduct one training in Kachin or Tanintharyi (Myanmar).

### Year Two:

Year two will focus on advocacy and action. Investigative reports by CIP, Waxman team and NGO partners will continue to be released and we will rally civil society in consumer countries. We will urge major companies to lead the shift towards zero-deforestation and zero-exploitation in the Mekong Region. CIP team will pressure producer countries to adopt or enforce land laws while also ensuring Vietnam and China, as overseas investors, support regulatory reforms through the Government of Vietnam and CCCMC guidelines respectively. Forest Trends will engage governments to adopt and enforce a variety of policy and legal frameworks for the land and forest sector (and land investments) in Vietnam, Myanmar, and Laos.

### Year Three:

Year three will focus on advising and monitoring. CIP and Forest Trends will advise consumer governments, banks and investors to invest in sustainable and inclusive production. We will hold the rubber industry accountable to their commitments and monitor improvements.



*Thank you for your consideration. We are eager to get started on this important effort to protect forests and land rights in a region that urgently needs more attention. We grateful for Norway's support for this important initiative.*

GRANT AGREEMENT  
BETWEEN  
THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION  
AND  
THE CENTER FOR INTERNATIONAL POLICY  
REGARDING  
MMR-17/0017, REDUCING THE IMPACT OF LARGE-SCALE  
AGRICULTURAL INVESTMENTS IN THE MEKONG REGION  
ON COMMUNITIES, FOREST AND CLIMATE CHANGE

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PART I: SPECIFIC CONDITIONS  
PART II: GENERAL CONDITIONS  
PART III: PROCUREMENT PROVISIONS  
ANNEX A: BUDGET  
ANNEX B: RESULTS FRAMEWORK





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## PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

- (1) The Norwegian Agency for Development Cooperation (Norad), represented by the section for Climate, Forests and Green Economy, and
  - (2) The Center for International Policy (CIP), an international NGO duly established in the District of Columbia under registration number 850723 (the Grant Recipient),
- jointly referred to as the Parties.

### 1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted a project document to Norad dated 13.01.2018 (the Application) regarding financial support to the project titled "Reducing the impact of large-scale agricultural investment in the Mekong Region on communities, forest and climate change" MMR-17/0017 (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 Norad has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from January 2018, to December 2020 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

### 2 OBJECTIVES OF THE PROJECT

- 2.1 The expected results of the Project are as follows:

The Project's planned effect on society (Impact) is to reduced deforestation and land-grabbing by rubber companies in the Mekong region and drive a shift to smallholder-centered sustainable agriculture production.

The planned effects for the target group of the Project (Outcome) are

Outcome 1. Companies producing, sourcing and investing in rubber from the Mekong region as well as their downstream customers (e.g. automotive companies, aerospace industry) introduce proactive commitments and measures to enforce "zero exploitation" and "zero deforestation," as well as other human rights protections for workers and communities.

Outcome 2. Key rubber-producing countries in the Mekong lay the groundwork for stronger environmental and social safeguards and improved smallholder livelihoods in laws and regulations related to land, forests, investment, and commodity production, while key rubber-consuming countries





consider new requirements for legality and sustainability of rubber imports and overseas investment in the agricultural sectors.

Outcome 3. Local and indigenous communities and smallholder farmers are better able to defend rights over land, forest, and other resources in the Mekong region. Civil society capacity to support these processes via legal and advocacy strategies is improved, within each country's unique space for CSO engagement.

The planned main products and/or services of the Project (Outputs) are

Output 1.1. Investigative reports linking deforestation and land-grabbing to rubber producers and their customers (tire producers and further downstream actors) provide sound evidence base for corporate action.

Output 1.2. Key players in the rubber supply chain - tire companies, automotive companies, aerospace companies, and investors - lay the groundwork for and/or adopt "no deforestation, no exploitation" policies.

Output 1.3. Rubber companies in Vietnam, with policy/regulatory support, improve compliance on rubber sourcing in adherence to international conventions on land rights and labor and other best practices.

Output 1.4. Groundwork laid for Industry Joint Action Mechanism.

Output 2.1. Provision of technical advisory services and lessons-learned related to fair and equitable laws, policies and regulations that impact land and forests; the integration of anti-corruption "integrity mechanisms" into policies, regulatory frameworks and administrative processes in Mekong countries; and, pro-smallholder provisions that operate at a structural level, thus serving to improve livelihoods of smallholders engaged in rubber production.

Output 2.2. Increased momentum in support of development and implementation of demand-side policies and standards, including China's CCCMC industry guidelines for rubber investments and other demand-side measures for rubber in consumer countries (e.g. public procurement policies).

Output 3.1. Provision of capacity-building services to empower communities to secure rights via legal or advocacy action. Actions may include, inter alia: receipt of compensation, engaging in dispute resolution, assertion of alienation rights (if recognized by statutory law), or other mechanisms.

Output 3.2. Leverage existing and new research on best practices for securing tenure via titled or nontitled means in rubber landscapes in the Mekong, with focus on emerging policy solutions that protect smallholders and reduce poverty.

2.2 The full results framework is included as Annex B to this Agreement.

### **3 IMPLEMENTATION OF THE PROJECT**

3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.

3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.

3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities,





and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

#### **4 THE GRANT**

- 4.1 The Grant shall amount to maximum NOK 30 000 000 (Norwegian Kroner thirty millions).
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the Parliament's annual allocation to the relevant budget line may lead to a reduction in annual Grant allocations and/or in the total Grant amount. The annual Grant allocations must be confirmed by Norad following the Parliament's approval of the state budget for the relevant budget year. If the Grant amount is reduced the Grant Recipient must revise the implementation plan, budget and results framework correspondingly.
- 4.3 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.
- 4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7% of the actual costs of the Project.
- 4.5 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

#### **5 DISBURSEMENT**

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.
- 5.3 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.
- 5.4 The disbursement requests shall be signed by the chief financial officer of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.5 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project's first year, the disbursements each year is subject to Norad's receipt and approval of the progress report and financial report.



- 5.6 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:

Name of the account:	Center for International Policy
Account no	15467007
IBAN no.:	n/a
Name and address of the bank:	Citibank 1218 Connecticut Avenue, NW, Washington, DC 20036
Swift/BIC code:	CITI US 33
Currency of the account:	USD

- 5.7 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt and the exchange rate applied.

## 6 REPORTING AND OTHER DOCUMENTATION

- 6.1 The following shall be submitted by the Grant Recipient to Norad:

- a) A **progress report** should be attached to each disbursement request, covering the period up to one month prior to requested disbursement date. In addition an annual progress report covering the period from January to December shall be submitted together with the annual financial report referred to in article 6.1 b). The progress report shall include the content specified in article 2 of the General Conditions.
- b) The **annual financial report** covering the period from January to December shall be submitted to Norad three weeks before the Annual Meeting. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 f) of the Specific Conditions.
- c) An **audit report** covering the **annual financial statements of the Project** shall be submitted to Norad by June each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.
- d) An updated **implementation plan and budget** covering the period from January to December shall be submitted to Norad three weeks before the Semi-Annual Meeting. The implementation plan and budget shall include the content listed in article 1 of the General Conditions and shall be approved by Norad in writing.
- e) The **audit report of the Grant Recipient** shall be submitted to Norad by June each year. The management letter (matters for governance attention) shall be attached to the audit report.
- f) A **final report** for the Support Period shall be submitted to Norad no later than 4 months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions.

- 6.2 If the Grant Recipient is unable to meet the deadlines set out above, Norad shall be informed immediately.





- 6.3 All implementation plans, budgets and reports shall be approved in writing by Norad unless otherwise agreed by the Parties.

## **7 AUDIT**

- 7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement").
- 7.2 Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.
- 7.3 The Grant Recipient is responsible for submitting the audit report to Norad within the deadline indicated in article 6 of the Specific Conditions.

## **8 FORMAL MEETINGS**

- 8.1 The Parties shall hold formal meetings twice per year, tentatively an Annual Meeting in April and a Semi-Annual Meeting in November, in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.
- 8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report. In the Annual-Meeting the Annual Report and Financial Report should be discussed and approved. In the Semi-Annual Meeting, the implementation plan and budget for the upcoming period shall be discussed and approved. In the event that such reports have not been received at least three weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.
- 8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to Norad no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.
- 8.4 The Parties shall hold other formal meetings if/when requested by Norad. Details regarding agenda and procedures will be agreed upon by the Parties.

## **9 REVIEWS AND OTHER FOLLOW-UP MEASURES**

- 9.1 A review focusing on progress to date, a possible exit strategy, and an assessment of possibilities for continued partnership shall be carried out by June 2020. Norad shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review shall be covered by Norad over and above the Grant.
- 9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad without undue delay.

## **10 PROCUREMENT**

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.

## **11 REPAYMENT OF INTEREST AND UNUSED FUNDS**

- 11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to Norad as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Project purposes, and other financial gain accrued on the Grant.

- 11.2 Repayments shall be made to the following bank account:

Name of the account: DIREKTORATET FOR UTVIKLINGS- SAMARBEID  
Account no.: 7694.05.14815  
IBAN no.: NO31 7694 0514 815  
Name and address of the bank: DNB BANK ASA, N-0021 Oslo, Norway  
Swift/BIC code: DNBANOKKXXX

- 11.3 The transaction shall be clearly marked: "Unused funds". The name of the Grant Recipient shall be stated, along with Norad's agreement number and agreement title.

## **12 SPECIAL PROVISIONS**

- a) The reporting format for the approved budget for the Project, mentioned in Annex A, will be agreed after signing of the agreement.

## **13 NOTICES**

- 13.1 All communication to Norad concerning the Agreement shall be directed to the Section for Climate, Forests and Green Economy at the following address/e-mail address: post-groenn@norad.no.

- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Sonya Carter at the following address/e-mail address: 2000 M Street, NW, Suite 720, Washington, DC 20036 [sonya@ciponline.org](mailto:sonya@ciponline.org), [cip@ciponline.org](mailto:cip@ciponline.org).

- 13.3 Norad's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

## **14 SIGNATURES**

- 14.1 By signing part I of the Agreement, the Parties confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.





14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: *Oslo, Norway*  
Date: *5. June 2018*

*Washington, D.C. USA*  
*17 April 2018*

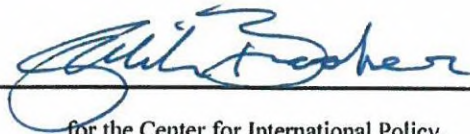


for the Norwegian Agency for Development  
Cooperation,

Mette Moglestue

Acting Director,

Department for Climate, Energy and  
Environment.



for the Center for International Policy,

Salih Booker

Executive Director

Attachments:

Annex A: Approved budget for the Project  
Annex B: Results framework



## 15 ANNEX A - APPROVED BUDGET FOR THE PROJECT

## TOTAL BUDGET FOR REDUCING THE IMPACT OF LARGE-SCALE AGRICULTURAL INVESTMENTS IN THE MEKONG REGION ON COMMUNITIES, FORESTS AND CLIMATE CHANGE

NR: All amounts are in US Dollars (USD) unless otherwise indicated.  
 NR2: B.O.I. is the base rate (average for the last 6 months September 2017 to February 2018). Allocations may alter depending on currency and inflation changes.

Year 1	Personnel	Sub-grants and consultants	Office Costs	Travel	Workshops, public actions, outreach, campaigns	Public & Comm.	Audit	Subtotal, without overhead	Overhead	TOTAL	NOK	Project Sources - Norway	Project Sources - Other
Outcome 1a: Investigations	145 000	60 782	0	17 279	0	84 413	4 000	311 476	21 803	333 279	266 956	333 279	0
Outcome 1b: Advocacy	267 924	28 409	0	32 200	31 140	66 790	6 000	432 629	31 634	464 263	387 947	464 263	0
Outcome 2: Legal reforms	67 624	49 475	0	19 452	4 324	639	2 500	139 164	9 741	148 905	119 273	148 905	0
Outcome 3: Communities strengthened	80 431	95 627	0	7 500	6 146	25 500	4 000	219 204	15 344	234 548	187 873	234 548	0
<b>Total</b>	<b>575 979</b>	<b>234 321</b>	<b>0</b>	<b>76 511</b>	<b>41 616</b>	<b>177 544</b>	<b>16 500</b>	<b>1 122 473</b>	<b>78 573</b>	<b>1 201 046</b>	<b>962 937</b>	<b>1 201 046</b>	<b>0</b>

Year 1 NOK  
Total

Year 2	Personnel	Sub-grants/consultants	Office Costs	Travel	Workshops, public actions, outreach, campaigns	Public & Comm.	Audit	Subtotal, without overhead	Overhead	TOTAL	NOK	Project Sources - Norway	Project Sources - Other
Outcome 1a: Investigations	112 583	55 820	0	11 820	0	70 000	4 000	254 233	17 795	272 029	217 895	272 029	0
Outcome 1b: Advocacy	268 269	39 260	0	30 000	39 260	50 260	6 000	433 049	30 913	463 962	371 172	463 962	0
Outcome 2: Legal reforms	65 524	80 524	0	25 600	17 049	17 049	4 000	209 745	14 632	224 377	179 764	224 377	0
Outcome 3: Communities strengthened	57 820	112 020	0	30 000	12 720	27 720	6 000	225 480	15 784	241 264	200 488	241 264	0
<b>Total</b>	<b>503 387</b>	<b>287 634</b>	<b>0</b>	<b>77 420</b>	<b>69 029</b>	<b>165 029</b>	<b>20 000</b>	<b>1 122 500</b>	<b>78 573</b>	<b>1 201 073</b>	<b>962 967</b>	<b>1 201 073</b>	<b>0</b>

Year 2 NOK  
Total

Year 3	Personnel	Sub-grants/consultants	Office Costs	Travel	Workshops, public actions, outreach, campaigns	Public & Comm.	Audit	Subtotal, without overhead	Overhead	TOTAL	NOK	Project Sources - Norway	Project Sources - Other
Outcome 1a: Investigations	53 852	55 820	0	11 820	0	70 000	4 000	235 501	16 485	251 986	201 848	251 986	0
Outcome 1b: Advocacy	209 875	49 875	0	34 875	39 875	50 875	4 562	389 938	27 236	417 174	334 201	417 174	0
Outcome 2: Legal reforms	55 875	84 647	0	27 659	17 059	17 059	2 450	244 753	17 133	261 886	209 770	261 886	0
Outcome 3: Communities strengthened	71 443	118 571	0	33 271	14 271	32 821	4 900	255 278	17 659	272 937	218 709	272 937	0
<b>Total</b>	<b>471 049</b>	<b>308 923</b>	<b>0</b>	<b>87 625</b>	<b>71 205</b>	<b>170 756</b>	<b>15 912</b>	<b>1 125 470</b>	<b>78 783</b>	<b>1 204 253</b>	<b>964 603</b>	<b>1 204 253</b>	<b>0</b>

Year 3 NOK  
Total

3 379 442 235 931 3 605 373



## 16 ANNEX B – RESULT FRAMEWORK

LEVEL	EXP. CTR. DETAILS	METHODS	FOCUS AREAS	OBJECTIVE 10	OBJECTIVE 11	OBJECTIVE 12	TIME FRAME	DATA SOURCE OF INFORMATION	FREQUENCY	RESPONSIBILITY	COMMENTS - AREA OF OVERALL RESPONSIBILITY
02/04/21	Non-quantitative indicators of public participation in the planning and implementation of the project. The project is a public-private partnership.	Interviews with project stakeholders, including project partners, project staff, and project beneficiaries. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.
02/04/21	Quantitative indicators of public participation in the planning and implementation of the project. The project is a public-private partnership.	Interviews with project stakeholders, including project partners, project staff, and project beneficiaries. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.
02/04/21	Qualitative indicators of public participation in the planning and implementation of the project. The project is a public-private partnership.	Interviews with project stakeholders, including project partners, project staff, and project beneficiaries. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.	Public participation in the planning and implementation of the project. The project is a public-private partnership.





to achieve: first, a new European Commission and government to develop a long-term strategy to help to improve the situation in Europe; second, a new Commission to ensure that the Commission is able to carry out its duties; and third, a new government to ensure that the government is able to carry out its duties.



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## PART II: GENERAL CONDITIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

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## **1 IMPLEMENTATION PLAN AND BUDGET**

- 1.1 Any updated implementation plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework and shall specify planned activities and outputs and time schedules for the upcoming reporting period.
- 1.2 Any updated budget to be submitted in accordance with the Specific Conditions shall be based on the approved budget in Annex A and include estimated income to the Project from all sources as well as planned expenditures for the upcoming reporting period. The estimated financial need of the Project in the upcoming reporting period shall be clearly stated.
- 1.3 Significant deviations from or changes to the implementation plan and budget is subject to Norad's prior, written approval as outlined in article 12 of the General Conditions.

## **2 PROGRESS REPORT**

- 2.1 Any progress reports to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, implementation plan and budget, and shall be signed by an authorised representative of the Grant Recipient.
- 2.2 The progress reports shall, as a minimum, include:
  - a) an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
    - show delivered outputs compared to planned outputs;
    - show the Project's progress towards achieving the Outcome;
    - if possible, describe the likelihood of the Impact being achieved.
  - b) an account and assessment of deviations from the latest approved implementation plan and Application;
  - c) an assessment of how efficiently Project resources have been turned into Outputs;
  - d) a brief account of materialised risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

## **3 FINANCIAL REPORT**

- 3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.
- 3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:
  - a) the accounting principles applied;
  - b) income from all sources, including bank interest. Norad's contribution shall be specified;
  - c) expenses charged/capitalised in the relevant reporting period;
  - d) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
  - e) unused funds as per the reporting date;



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- f) overhead/indirect costs to be covered by the Grant in accordance with article 4 of the Specific Conditions;
  - g) balance sheet, when required in accordance with the accounting principles applied;
  - h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.
- 3.3 Deviations between the approved budget and the expenses charged/capitalised shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

#### **4 FINAL REPORT**

- 4.1 The final report to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the Support Period. The report shall be set up in a way that allows for a direct comparison with the Application, and shall be signed by an authorised representative of the Grant Recipient.
- 4.2 The final report shall, as a minimum, include:
- a) the items listed for the progress reports described in article 2 of the General Conditions, covering the entire Support Period;
  - b) an assessment of the Project's effect on society (Impact);
  - c) a description of the main lessons learned from the Project;
  - d) an assessment of the sustainability of the results achieved by the Project.

#### **5 AUDIT**

- 5.1 If an audit of the Project's financial statements is required pursuant to the Specific Conditions, the audit shall be carried out by an independent chartered/certified or state-authorised public accountant (auditor).
- 5.2 Norad reserves the right to approve the auditor, and may require that the auditor shall be replaced if Norad finds that the auditor has not performed satisfactorily or if there is any doubt as to the auditor's independence or professional standards.
- 5.3 The auditor shall form an opinion on whether the Project's financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:
- a) the accounting principles followed by the Grant Recipient and;
  - b) the requirements of article 3 clause 2 of the General Conditions.
- 5.4 The auditor shall report in accordance with the applicable audit standard, as agreed in the Specific Conditions.
- 5.5 The audit report shall include:
- a) the Project name and agreement number;
  - b) identification of the Project's total expenses and total income;
  - c) the subject of the audit;
  - d) the financial reporting framework applied;
  - e) the auditing standards applied;



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- f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
  - g) the auditor's opinion.
- 5.6 In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.
- 5.7 If any findings have been reported in the Project's management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to Norad together with the management letter.
- 5.8 The costs of the audit of the Project's financial statements shall be included in the Project's budget.
- 5.9 The audit requirements stated in this Agreement are applicable for the total Grant, including any part of the Grant that has been transferred to a cooperating partner.
- 5.10 The auditor of the Project's consolidated financial statement is responsible for the direction, supervision and performance of the audit of any part of the Grant that has been transferred to a cooperating partner. The auditor shall assure itself that those performing the audit for cooperating partners have the appropriate qualifications, that the audit is in compliance with professional standards, and that the audit report is appropriate under the circumstances.
- 5.11 The auditor of the Project's consolidated financial statement shall express an opinion on whether the statement is prepared, in all material respects, in accordance with the requirements of this Agreement. To this end, the auditor shall obtain sufficient appropriate audit evidence regarding the financial statements of the cooperating partner and the consolidation process.

## **6 CONTROL MEASURES**

- 6.1 Representatives of Norad and the Norwegian Auditor General may at all times carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures may be i.a to verify that the Grant has been used in accordance with the Agreement or to evaluate the achievement of results.
- 6.2 The Grant Recipient shall facilitate such control measures by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.
- 6.3 The representatives of Norad and the Norwegian Auditor General shall also have access to the Grant Recipient's auditor and the auditor's assessments of all information pertaining to the Grant Recipient and the Project. The Grant Recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.
- 6.4 The rights and obligations of this article 6 shall remain in force for 5 years following expiry or termination of the Agreement.



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## 7 FINANCIAL MANAGEMENT

- 7.1 The Grant Recipient shall keep accurate accounts of the Project's income and expenditure using an appropriate accounting- and double-entry book-keeping system<sup>1</sup> in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.
- 7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations<sup>2</sup> and cash reconciliations<sup>3</sup> shall be completed at least every month, and shall be documented by the Grant Recipient.
- 7.3 Income and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.
- 7.4 The Grant Recipient shall keep the Project's accounting records for at least 5 years from the time of Norad's approval of the final report for the Project. This shall include i.a. vouchers, receipts, contracts and bank statements.

## 8 EXCHANGE RATE FLUCTUATIONS

- 8.1 If the Grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by Norad.
- 8.2 If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform Norad as soon as possible.
- 8.3 If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed Grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the Support Period, unless otherwise agreed between the Parties.

## 9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS

- 9.1 The right of ownership to equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such equipment, consumables and intellectual property rights are the exclusive responsibility of the Grant Recipient. However, significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the Norad's prior approval, as outlined in Article 12 of the General Conditions.

<sup>1</sup> A double-entry bookkeeping a system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

<sup>2</sup> Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.

<sup>3</sup> Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.



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- 9.2 Norad shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. Norad may assign this right to any individual or organisation at its own discretion.
- 9.3 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms. Ownership may not be transferred to an employee of the Grant Recipient or its cooperating partner, or to anyone related or connected to an employee, if such relation could lead to a conflict of interest as described in article 16 of the General Conditions.
- 9.4 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with Norad. Any income from a transfer shall accrue to the Project, and shall be reported in the financial statement of the Project.
- 9.5 The Grant Recipient shall prepare a record of transfer of ownership for any equipment, consumables and intellectual property rights. The record shall comprise information about the object of transfer, the original purchase price paid by the Grant Recipient, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to Norad along with the first progress report due after the sale.
- 9.6 If the activities of the Project do not continue after the end of the Support Period or after termination of the Agreement, the Grant Recipient shall inform Norad about the remaining equipment and goods that have been purchased by use of the Grant. The Norad may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to Norad unless otherwise agreed by the Parties.

## **10 REAL PROPERTY**

- 10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by Norad.
- 10.2 If Norad has approved a purchase or construction of real property, the Grant Recipient and Norad shall agree on the details concerning the ownership and the status of the real property after the end of the Support Period and/or the end of the Project. The agreement may be formalised in the Specific Conditions or in a separate agreement document.
- 10.3 Norad may in such an agreement require i.a. that the real property shall be sold after the end of the Support Period and that the proceeds from the sale shall be repaid to Norad. Norad may also reserve the right to establish security interests in any real property purchased by use of the Grant.

## **11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER**

- 11.1 Transfer of all or part of the Grant including assets to a cooperating partner shall be documented through a written agreement. The agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its obligations hereunder.
- 11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:



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- a) both the Grant Recipient, Norad and the Norwegian Auditor General shall have the same access to undertake the control measures related to the cooperating partner's use of the Grant as described in article 6 of the General Conditions,
  - b) the Grant Recipient shall be entitled to claim repayment of the Grant from the cooperating partner in the same instances and to the same extent that Norad is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that Norad has the right to claim repayment directly from the cooperating partner to the same extent as the Grant Recipient,
  - c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in article 24 of the General Conditions in relation to any disputes arising between the cooperating partner and Norad.
- 11.3 The Grant Recipient shall assure itself that the cooperating partner has the necessary competence and internal procedures to meet the requirements of the Agreement and shall follow-up the cooperating partner's compliance with the Agreement throughout the Support Period.
- 11.4 The Grant may not be transferred to a cooperating partner who has previously been charged or sentenced for any criminal activity unless explicitly approved by Norad.
- 11.5 The Grant Recipient shall remain fully responsible towards Norad for any part of the Grant, including assets, that has been transferred to a cooperating partner.

## **12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT**

- 12.1 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to Norad's prior, written approval. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient's organisation.
- 12.2 The following deviations/changes shall always be subject to Norad's prior written approval:
- a) any changes to the Project's sources of income,
  - b) any changes to the results framework or scope of the Project,
  - c) changes to the implementation plan which implies a delay of more than three months of any activity,
  - d) changes to the Project's budget that imply reallocation of more than 10% of a budget line.
- 12.3 Norad may suspend disbursements of the Grant until such changes have been approved.

## **13 EXTENSION OF THE SUPPORT PERIOD**

- 13.1 The Support Period of the Project is set out in the Specific Conditions. The Grant Recipient must, without delay, inform Norad of any circumstances likely to hamper or delay the implementation of the Project.
- 13.2 The Grant Recipient may request an extension of the Support Period if this is necessary to complete all planned activities. The request must state the reasons for the delay and supporting documentation must be enclosed. Norad shall approve or decline the request in writing.

## **14 TRANSPARENCY**

- 14.1 The Grant Recipient shall publish the following in a dedicated and easily accessible place of its internet site:



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- a) a copy of this Agreement;
- b) the title and value of any contracts, cooperation agreements and/or other sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are to be financed by the Grant;
- c) the names and nationalities of the respective agreement parties and, if relevant, any further sub-grantees or contractors in receipt of Project funds;

Any deviations from this article 14 shall be agreed by the Parties in writing, i.a. in the Specific Conditions.

- 14.2 Publication shall take place as soon as possible, and at the latest within six months after the contracts, cooperation agreements and/or other sub-agreements were entered into
- 14.3 The Grant Recipient shall make other project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate interests.

## 15 FINANCIAL IRREGULARITIES

- 15.1 The Grant Recipient is required to practise zero tolerance against corruption and other financial irregularities within and related to the Project. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.

- 15.2 Financial irregularities refers to all kinds of:

- a) corruption, including bribery, nepotism and illegal gratuities;
- b) misappropriation of cash, inventory and all other kinds of assets;
- c) financial and non-financial fraudulent statements;
- d) all other use of Project funds which is not in accordance with the implementation plan and budget.

- 15.3 In order to fulfil the zero tolerance requirement, the Grant Recipient shall:

- a) organise its operations and internal control systems in a way that financial irregularities are prevented and detected;
- b) do its utmost to prevent and stop financial irregularities within and related to the Project;
- c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.

- 15.4 The Grant Recipient shall inform Norad immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide Norad with an account of all the known facts and an assessment of how the matter should be followed up, including whether criminal prosecution or other sanctions are considered appropriate.

- 15.5 The matter will be handled by Norad in accordance with Norad's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with Norad's investigation and follow-up. If requested by Norad, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

- 15.6 Norad may claim repayment of all or parts of the Grant in accordance with article 17 of the General Conditions if it finds that any financial irregularities have taken place in or related to the



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Project. The repayment claim may also include any interest, investment income or any other financial gain obtained as a result of the financial irregularity.

## 16 CONFLICT OF INTEREST

- 16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.
- 16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.
- 16.3 If a conflict of interest occur, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
- 16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of Norad.

## 17 BREACH OF THE AGREEMENT

- 17.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, Norad may suspend disbursement of all or part of the Grant.
- 17.2 In the event of material breach of the Agreement, Norad may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant.
- 17.3 Material breach of the Agreement shall include, without limitation, the following situations:
  - a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
  - b) the Grant Recipient has made false or incomplete statements to obtain the Grant,
  - c) the use of the Grant has not been satisfactorily accounted for,
  - d) the Grant Recipient has, after having been granted an extended deadline, failed to provide the agreed reports, or has knowingly provided reports that do not reflect reality,
  - e) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
  - f) the Grant Recipient has failed to inform Norad of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
  - g) the Grant Recipient has changed legal personality without prior notification to Norad,
  - h) the Grant Recipient is bankrupt, being wound up or is having its affairs administered by the courts, or is subject to any analogous or corresponding procedure provided for under national legislation.
- 17.4 The Grant Recipient shall inform Norad immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide Norad with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.
- 17.5 Norad may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between Norad and the Grant Recipient has been established.



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## **18 TERMINATION OF THE AGREEMENT**

- 18.1 Each of the Parties may terminate the Agreement upon a written notice.
- 18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.
- 18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to Norad.
- 18.4 The Grant Recipient shall submit a final report to Norad within three months of the end of the Support Period. The final report shall meet the requirements set out in article 4 of the General Conditions and shall also include a financial report and audit report covering the period from the previous financial report until the end of the Support Period.
- 18.5 The Agreement will be considered terminated when the final report has been approved by Norad and any remaining funds have been repaid.

## **19 WAIVER AND IMMUNITIES**

- 19.1 Nothing in the Agreement or any document related to the Agreement shall imply a waiver, express or implied, by Norad, the Government of Norway or any of its officials of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising thereof. This article 19 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 24 of the General Conditions.

## **20 LIABILITY**

- 20.1 Norad shall not under any circumstances or for any reason be held liable for damage, injury or loss of income sustained by the Grant Recipient or its staff or property as a direct or indirect consequence of the Project. Norad will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.
- 20.2 The Grant Recipient shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the Project. The Grant Recipient shall indemnify Norad against any claim or action from the Grant Recipient's employees or third parties in relation to the Project.

## **21 ASSIGNMENT**

- 21.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of Norad. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.

## **22 RECOGNITION AND PUBLICATION**

- 22.1 The Grant Recipient shall acknowledge Norad's support to the Project in all publications and other materials issued in relation to the Project. Norad's logotype will be provided by Norad upon request. All use of Norad's logotype must be approved by Norad.



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### **23 ENTRY INTO FORCE, DURATION AND AMENDMENT**

- 23.1 The Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions of the General Conditions. Whether the obligations of the Agreement shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by Norad in a completion letter.
- 23.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.
- 23.3 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

### **24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES**

- 24.1 The Agreement shall be governed and construed in accordance with Norwegian law.
- 24.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.
- 24.3 Any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled before the Norwegian courts of law with Oslo District Court as legal venue.
- 24.4 The Grant Recipient accepts that Norad can, at its own sole discretion and as an alternative to the legal venue mentioned above, choose to settle the dispute by
- a) the courts in the legal venue of the Grant Recipient, or
  - b) arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to NOK 10 000 000 the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Stockholm, Sweden, and the language to be used in the arbitral proceedings shall be English. The Parties agree that neither the arbitral proceedings nor the award shall be subject to any confidentiality.
- 24.5 The Parties agree that no other courts of law, than as set out in this article 24, shall have jurisdiction over disputes arising out of or in connection with this Agreement.



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## PART III: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

### 1 INTRODUCTION

- 1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Agency for Development Cooperation (Norad). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.
- 1.2 Norad may carry out ex post checks on the Grant Recipient's compliance with the rules set forth in this Part III.
- 1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for Norad funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.
- 1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).
- 1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient's cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.
- 1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

### 2 BASIC PRINCIPLES

- 2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:



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- a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.
- b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.
- c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.
- d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.
- e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

### 3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;
- c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;

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- e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;
  - f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).
- 3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.
- 3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:
- a) are subject to a conflict of interests;
  - b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

#### **4 GENERAL PROCUREMENT RULES**

- 4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.
- 4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.
- 4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.
- 4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
- 4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.



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- 4.6 For contracts with a value exceeding NOK 100 000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by Norad, the Grant Recipient shall deliver its written record to Norad and grant Norad access to all relevant information and documentation related to the procurement procedure and practices applied.

## 5 AWARD OF CONTRACTS

- 5.1 Contracts with a value of less than NOK 500 000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.
- 5.2 Contracts with a value exceeding NOK 500 000 shall be awarded by means of one of the following procurement procedures:
- a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.
  - b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.
  - c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.
- 5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.
- 5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.

## 6 PUBLICATION OF PROCUREMENT NOTICE

- 6.1 The following shall apply with respect to publication of the procurement notice:<sup>1</sup>

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<sup>1</sup> Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.

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- a) **Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000**

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website.

- b) **Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above**

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

## **7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION**

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

- a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;
- b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by Norad;
- c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;
- d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of the Norad so requires.





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## PART II: GENERAL CONDITIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

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## 1 IMPLEMENTATION PLAN AND BUDGET

- 1.1 Any updated implementation plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework and shall specify planned activities and outputs and time schedules for the upcoming reporting period.
- 1.2 Any updated budget to be submitted in accordance with the Specific Conditions shall be based on the approved budget in Annex A and include estimated income to the Project from all sources as well as planned expenditures for the upcoming reporting period. The estimated financial need of the Project in the upcoming reporting period shall be clearly stated.
- 1.3 Significant deviations from or changes to the implementation plan and budget is subject to Norad's prior, written approval as outlined in article 12 of the General Conditions.

## 2 PROGRESS REPORT

- 2.1 Any progress reports to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, implementation plan and budget, and shall be signed by an authorised representative of the Grant Recipient.
- 2.2 The progress reports shall, as a minimum, include:
  - a) an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
    - show delivered outputs compared to planned outputs;
    - show the Project's progress towards achieving the Outcome;
    - if possible, describe the likelihood of the Impact being achieved.
  - b) an account and assessment of deviations from the latest approved implementation plan and Application;
  - c) an assessment of how efficiently Project resources have been turned into Outputs;
  - d) a brief account of materialised risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

## 3 FINANCIAL REPORT

- 3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.
- 3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:
  - a) the accounting principles applied;
  - b) income from all sources, including bank interest. Norad's contribution shall be specified;
  - c) expenses charged/capitalised in the relevant reporting period;
  - d) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
  - e) unused funds as per the reporting date;

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- f) overhead/indirect costs to be covered by the Grant in accordance with article 4 of the Specific Conditions;
- g) balance sheet, when required in accordance with the accounting principles applied;
- h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

3.3 Deviations between the approved budget and the expenses charged/capitalised shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

#### 4 FINAL REPORT

4.1 The final report to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the Support Period. The report shall be set up in a way that allows for a direct comparison with the Application, and shall be signed by an authorised representative of the Grant Recipient.

4.2 The final report shall, as a minimum, include:

- a) the items listed for the progress reports described in article 2 of the General Conditions, covering the entire Support Period;
- b) an assessment of the Project's effect on society (Impact);
- c) a description of the main lessons learned from the Project;
- d) an assessment of the sustainability of the results achieved by the Project.

#### 5 AUDIT

5.1 If an audit of the Project's financial statements is required pursuant to the Specific Conditions, the audit shall be carried out by an independent chartered/certified or state-authorised public accountant (auditor).

5.2 Norad reserves the right to approve the auditor, and may require that the auditor shall be replaced if Norad finds that the auditor has not performed satisfactorily or if there is any doubt as to the auditor's independence or professional standards.

5.3 The auditor shall form an opinion on whether the Project's financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

- a) the accounting principles followed by the Grant Recipient and;
- b) the requirements of article 3 clause 2 of the General Conditions.

5.4 The auditor shall report in accordance with the applicable audit standard, as agreed in the Specific Conditions.

5.5 The audit report shall include:

- a) the Project name and agreement number;
- b) identification of the Project's total expenses and total income;
- c) the subject of the audit;
- d) the financial reporting framework applied;
- e) the auditing standards applied;



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- f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
- g) the auditor's opinion.

- 5.6 In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.
- 5.7 If any findings have been reported in the Project's management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to Norad together with the management letter.
- 5.8 The costs of the audit of the Project's financial statements shall be included in the Project's budget.
- 5.9 The audit requirements stated in this Agreement are applicable for the total Grant, including any part of the Grant that has been transferred to a cooperating partner.
- 5.10 The auditor of the Project's consolidated financial statement is responsible for the direction, supervision and performance of the audit of any part of the Grant that has been transferred to a cooperating partner. The auditor shall assure itself that those performing the audit for cooperating partners have the appropriate qualifications, that the audit is in compliance with professional standards, and that the audit report is appropriate under the circumstances.
- 5.11 The auditor of the Project's consolidated financial statement shall express an opinion on whether the statement is prepared, in all material respects, in accordance with the requirements of this Agreement. To this end, the auditor shall obtain sufficient appropriate audit evidence regarding the financial statements of the cooperating partner and the consolidation process.

## 6 CONTROL MEASURES

- 6.1 Representatives of Norad and the Norwegian Auditor General may at all times carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures may be i.a to verify that the Grant has been used in accordance with the Agreement or to evaluate the achievement of results.
- 6.2 The Grant Recipient shall facilitate such control measures by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.
- 6.3 The representatives of Norad and the Norwegian Auditor General shall also have access to the Grant Recipient's auditor and the auditor's assessments of all information pertaining to the Grant Recipient and the Project. The Grant Recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.
- 6.4 The rights and obligations of this article 6 shall remain in force for 5 years following expiry or termination of the Agreement.

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## 7 FINANCIAL MANAGEMENT

- 7.1 The Grant Recipient shall keep accurate accounts of the Project's income and expenditure using an appropriate accounting- and double-entry book-keeping system<sup>1</sup> in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.
- 7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations<sup>2</sup> and cash reconciliations<sup>3</sup> shall be completed at least every month, and shall be documented by the Grant Recipient.
- 7.3 Income and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.
- 7.4 The Grant Recipient shall keep the Project's accounting records for at least 5 years from the time of Norad's approval of the final report for the Project. This shall include i.a. vouchers, receipts, contracts and bank statements.

## 8 EXCHANGE RATE FLUCTUATIONS

- 8.1 If the Grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by Norad.
- 8.2 If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform Norad as soon as possible.
- 8.3 If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed Grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the Support Period, unless otherwise agreed between the Parties.

## 9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS

- 9.1 The right of ownership to equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such equipment, consumables and intellectual property rights are the exclusive responsibility of the Grant Recipient. However, significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the Norad's prior approval, as outlined in Article 12 of the General Conditions.

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1 A double-entry bookkeeping system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

2 Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.

3 Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.

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- 9.2 Norad shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. Norad may assign this right to any individual or organisation at its own discretion.
- 9.3 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms. Ownership may not be transferred to an employee of the Grant Recipient or its cooperating partner, or to anyone related or connected to an employee, if such relation could lead to a conflict of interest as described in article 16 of the General Conditions.
- 9.4 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with Norad. Any income from a transfer shall accrue to the Project, and shall be reported in the financial statement of the Project.
- 9.5 The Grant Recipient shall prepare a record of transfer of ownership for any equipment, consumables and intellectual property rights. The record shall comprise information about the object of transfer, the original purchase price paid by the Grant Recipient, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to Norad along with the first progress report due after the sale.
- 9.6 If the activities of the Project do not continue after the end of the Support Period or after termination of the Agreement, the Grant Recipient shall inform Norad about the remaining equipment and goods that have been purchased by use of the Grant. The Norad may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to Norad unless otherwise agreed by the Parties.

## 10 REAL PROPERTY

- 10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by Norad.
- 10.2 If Norad has approved a purchase or construction of real property, the Grant Recipient and Norad shall agree on the details concerning the ownership and the status of the real property after the end of the Support Period and/or the end of the Project. The agreement may be formalised in the Specific Conditions or in a separate agreement document.
- 10.3 Norad may in such an agreement require i.a. that the real property shall be sold after the end of the Support Period and that the proceeds from the sale shall be repaid to Norad. Norad may also reserve the right to establish security interests in any real property purchased by use of the Grant.

## 11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER

- 11.1 Transfer of all or part of the Grant including assets to a cooperating partner shall be documented through a written agreement. The agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its obligations hereunder.
- 11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:

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- a) both the Grant Recipient, Norad and the Norwegian Auditor General shall have the same access to undertake the control measures related to the cooperating partner's use of the Grant as described in article 6 of the General Conditions,
- b) the Grant Recipient shall be entitled to claim repayment of the Grant from the cooperating partner in the same instances and to the same extent that Norad is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that Norad has the right to claim repayment directly from the cooperating partner to the same extent as the Grant Recipient,
- c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in article 24 of the General Conditions in relation to any disputes arising between the cooperating partner and Norad.

11.3 The Grant Recipient shall assure itself that the cooperating partner has the necessary competence and internal procedures to meet the requirements of the Agreement and shall follow-up the cooperating partner's compliance with the Agreement throughout the Support Period.

11.4 The Grant may not be transferred to a cooperating partner who has previously been charged or sentenced for any criminal activity unless explicitly approved by Norad.

11.5 The Grant Recipient shall remain fully responsible towards Norad for any part of the Grant, including assets, that has been transferred to a cooperating partner.

## 12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT

12.1 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to Norad's prior, written approval. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient's organisation.

12.2 The following deviations/changes shall always be subject to Norad's prior written approval:

- a) any changes to the Project's sources of income,
- b) any changes to the results framework or scope of the Project,
- c) changes to the implementation plan which implies a delay of more than three months of any activity,
- d) changes to the Project's budget that imply reallocation of more than 10% of a budget line.

12.3 Norad may suspend disbursements of the Grant until such changes have been approved.

## 13 EXTENSION OF THE SUPPORT PERIOD

13.1 The Support Period of the Project is set out in the Specific Conditions. The Grant Recipient must, without delay, inform Norad of any circumstances likely to hamper or delay the implementation of the Project.

13.2 The Grant Recipient may request an extension of the Support Period if this is necessary to complete all planned activities. The request must state the reasons for the delay and supporting documentation must be enclosed. Norad shall approve or decline the request in writing.

## 14 TRANSPARENCY

14.1 The Grant Recipient shall publish the following in a dedicated and easily accessible place of its internet site:



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- a) a copy of this Agreement;
- b) the title and value of any contracts, cooperation agreements and/or other sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are to be financed by the Grant;
- c) the names and nationalities of the respective agreement parties and, if relevant, any further sub-grantees or contractors in receipt of Project funds;

Any deviations from this article 14 shall be agreed by the Parties in writing, i.a. in the Specific Conditions.

- 14.2 Publication shall take place as soon as possible, and at the latest within six months after the contracts, cooperation agreements and/or other sub-agreements were entered into
- 14.3 The Grant Recipient shall make other project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate interests.

## 15 FINANCIAL IRREGULARITIES

- 15.1 The Grant Recipient is required to practise zero tolerance against corruption and other financial irregularities within and related to the Project. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.
- 15.2 Financial irregularities refers to all kinds of:
  - a) corruption, including bribery, nepotism and illegal gratuities;
  - b) misappropriation of cash, inventory and all other kinds of assets;
  - c) financial and non-financial fraudulent statements;
  - d) all other use of Project funds which is not in accordance with the implementation plan and budget.
- 15.3 In order to fulfil the zero tolerance requirement, the Grant Recipient shall:
  - a) organise its operations and internal control systems in a way that financial irregularities are prevented and detected;
  - b) do its utmost to prevent and stop financial irregularities within and related to the Project;
  - c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.
- 15.4 The Grant Recipient shall inform Norad immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide Norad with an account of all the known facts and an assessment of how the matter should be followed up, including whether criminal prosecution or other sanctions are considered appropriate.
- 15.5 The matter will be handled by Norad in accordance with Norad's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with Norad's investigation and follow-up. If requested by Norad, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.
- 15.6 Norad may claim repayment of all or parts of the Grant in accordance with article 17 of the General Conditions if it finds that any financial irregularities have taken place in or related to the

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Project. The repayment claim may also include any interest, investment income or any other financial gain obtained as a result of the financial irregularity.

## 16 CONFLICT OF INTEREST

- 16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.
- 16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.
- 16.3 If a conflict of interest occur, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
- 16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of Norad.

## 17 BREACH OF THE AGREEMENT

- 17.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, Norad may suspend disbursement of all or part of the Grant.
- 17.2 In the event of material breach of the Agreement, Norad may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant.
- 17.3 Material breach of the Agreement shall include, without limitation, the following situations:
  - a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
  - b) the Grant Recipient has made false or incomplete statements to obtain the Grant,
  - c) the use of the Grant has not been satisfactorily accounted for,
  - d) the Grant Recipient has, after having been granted an extended deadline, failed to provide the agreed reports, or has knowingly provided reports that do not reflect reality,
  - e) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
  - f) the Grant Recipient has failed to inform Norad of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
  - g) the Grant Recipient has changed legal personality without prior notification to Norad,
  - h) the Grant Recipient is bankrupt, being wound up or is having its affairs administered by the courts, or is subject to any analogous or corresponding procedure provided for under national legislation.
- 17.4 The Grant Recipient shall inform Norad immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide Norad with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.
- 17.5 Norad may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between Norad and the Grant Recipient has been established.

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## 18 TERMINATION OF THE AGREEMENT

- 18.1 Each of the Parties may terminate the Agreement upon a written notice.
- 18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.
- 18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to Norad.
- 18.4 The Grant Recipient shall submit a final report to Norad within three months of the end of the Support Period. The final report shall meet the requirements set out in article 4 of the General Conditions and shall also include a financial report and audit report covering the period from the previous financial report until the end of the Support Period.
- 18.5 The Agreement will be considered terminated when the final report has been approved by Norad and any remaining funds have been repaid.

## 19 WAIVER AND IMMUNITIES

- 19.1 Nothing in the Agreement or any document related to the Agreement shall imply a waiver, express or implied, by Norad, the Government of Norway or any of its officials of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising thereof. This article 19 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 24 of the General Conditions.

## 20 LIABILITY

- 20.1 Norad shall not under any circumstances or for any reason be held liable for damage, injury or loss of income sustained by the Grant Recipient or its staff or property as a direct or indirect consequence of the Project. Norad will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.
- 20.2 The Grant Recipient shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the Project. The Grant Recipient shall indemnify Norad against any claim or action from the Grant Recipient's employees or third parties in relation to the Project.

## 21 ASSIGNMENT

- 21.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of Norad. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.

## 22 RECOGNITION AND PUBLICATION

- 22.1 The Grant Recipient shall acknowledge Norad's support to the Project in all publications and other materials issued in relation to the Project. Norad's logotype will be provided by Norad upon request. All use of Norad's logotype must be approved by Norad.

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### 23 ENTRY INTO FORCE, DURATION AND AMENDMENT

- 23.1 The Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions of the General Conditions. Whether the obligations of the Agreement shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by Norad in a completion letter.
- 23.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.
- 23.3 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

### 24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

- 24.1 The Agreement shall be governed and construed in accordance with Norwegian law.
- 24.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.
- 24.3 Any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled before the Norwegian courts of law with Oslo District Court as legal venue.
- 24.4 The Grant Recipient accepts that Norad can, at its own sole discretion and as an alternative to the legal venue mentioned above, choose to settle the dispute by
- the courts in the legal venue of the Grant Recipient, or
  - arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to NOK 10 000 000 the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Stockholm, Sweden, and the language to be used in the arbitral proceedings shall be English. The Parties agree that neither the arbitral proceedings nor the award shall be subject to any confidentiality.
- 24.5 The Parties agree that no other courts of law, than as set out in this article 24, shall have jurisdiction over disputes arising out of or in connection with this Agreement.



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## PART III: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

### 1 INTRODUCTION

- 1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Agency for Development Cooperation (Norad). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.
- 1.2 Norad may carry out ex post checks on the Grant Recipient's compliance with the rules set forth in this Part III.
- 1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for Norad funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.
- 1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).
- 1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient's cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.
- 1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

### 2 BASIC PRINCIPLES

- 2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:

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- a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.
- b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.
- c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.
- d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.
- e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

### 3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;
- c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;

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- e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;
  - f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).
- 3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.
- 3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:
- a) are subject to a conflict of interests;
  - b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

#### 4 GENERAL PROCUREMENT RULES

- 4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.
- 4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.
- 4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.
- 4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
- 4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

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- 4.6 For contracts with a value exceeding NOK 100 000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by Norad, the Grant Recipient shall deliver its written record to Norad and grant Norad access to all relevant information and documentation related to the procurement procedure and practices applied.

## 5 AWARD OF CONTRACTS

- 5.1 Contracts with a value of less than NOK 500 000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.
- 5.2 Contracts with a value exceeding NOK 500 000 shall be awarded by means of one of the following procurement procedures:
- a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.
  - b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.
  - c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.
- 5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.
- 5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.

## 6 PUBLICATION OF PROCUREMENT NOTICE

- 6.1 The following shall apply with respect to publication of the procurement notice:<sup>1</sup>

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<sup>1</sup> Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.



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- a) **Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000**

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website.

- b) **Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above**

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

## **7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION**

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

- a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;
- b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by Norad;
- c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;
- d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of the Norad so requires.



## **PARTNER AGREEMENT**

### **Reducing the Impact of Large-Scale Agricultural Investments in the Mekong Region on Communities, Forest and Climate Change**

#### **Parties**

This Agreement ("Agreement") is made and entered into this 22nd day of November, 2019 by and between the Center for International Policy (CIP) a nonprofit corporation organized in Washington, DC, Waxman Strategies (Waxman), an S Corporation organized in Maryland, each a "Party" and collectively the "Consortium Parties," to work together to achieve the goals of the Norwegian Agency for Development Cooperation (Norad) Grant MMR-17/0017 entitled "¡Acción ya! Protecting the Forests and Indigenous Communities of Latin America". The terms of the Agreement are as follows:

#### **1. Background**

- 1.1.** The Consortium Parties submitted a joint project proposal to the Norwegian Agency for Development Cooperation ("Norad"), dated January 12, 2018 (affixed as Exhibit A). The purpose of the project is to reduce deforestation and protect Indigenous Peoples' rights in Latin America through Organizing, Communications, and Policy.
- 1.2.** Norad approved funding of the Project for three years, beginning January 1, 2019.
- 1.3.** As the Coordinating Party of the Project, CIP entered into a grant letter agreement with Norad, dated November 20, 2019 (affixed to this Agreement as Exhibit B.)  
The Consortium Parties are entering into this Agreement to set out their mutual rights and obligations, and the mechanisms by which they will work together to carry out the Project.

#### **2. Overall Relationships of Consortium Parties**

- 2.1.** Responsibilities of Parties. The Consortium Parties shall work jointly and cooperatively to carry out the Project as described in Exhibit B. The responsibilities of each Party with respect to specific activities and deliverables for the Project are set forth in Exhibit B and in subsequent

agreements and reports to Norad as provided for under Exhibit B. All joint activities and decisions shall be decided by consensus with each Party using good faith to reach consensus.

2.2. **Status of the Project as Legal Entity.** The Project is not a separate legal entity, but rather, is a coordinated set of activities by independent organizations working together. Nothing in this Agreement shall be construed as creating any partnership or joint venture as a matter of law between the Members or creating any other separate legal entity. No party to this Agreement is or shall be the agent of any other party. The Consortium Parties shall have no right or authority to enter into any contract or undertaking in the name of, or for the account of, any other Party, or to assume or create any obligation of any kind, express or implied, on behalf of any other Party.

2.3. **Term of this Agreement.** This Agreement shall be in effect from January 1, 2019 for the duration of the Project, scheduled to be through December 31, 2021, and until all required reports (including financial audits) have been submitted to Norad. The activities covered by and expenses incurred with the Project funds must occur within the Contract Period.

3. **Coordinating Agency**

3.1. In order to facilitate operation of the Project, CIP will act as a "Coordinating Agency" to be the legal recipient/grantee of funding for the Project. The Coordinating Agency will be responsible for disbursing funds to Consortium Parties in accordance with Section 4 and submitting necessary reports to Norad as detailed in Section 5 below. The amount each Consortium Party receives from each disbursement of funds from Norad shall be called its Agreement Amount.

3.2. The Coordinating Agency shall also be responsible for organizing periodic conference calls and meetings, as needed to ensure that all Consortium Parties are performing their respective responsibilities, to coordinate the activities of all Consortium Parties to achieve the goals of the Project, and to prepare all reports and budgets required by Norad in the Grant Agreement affixed as Exhibit B.

3.3. The overall project budget includes an administrative fee for CIP serving as the Coordinating Agency for this Project, comprised of the indirect costs of the project.

4. **Planning, Direction and Governance of Project**

- 4.1. Except as provided in this Agreement, the Consortium Parties shall share equal responsibility with respect to decision-making and the direction regarding reporting and budgeting for the overall Project, and shall work cooperatively and in good faith to resolve any allocations of responsibility and resources not specifically addressed in Exhibit B. This shared responsibility regarding reporting and budgeting for the overall Project shall not interfere with the right and responsibility of each Party to direct, manage and implement the components of the Project where that Party has the lead, as specified in Exhibit B, or any subsequent reports to Norad as contemplated by Exhibit B.
- 4.2. If the task or project managers for any of the Consortium Parties cannot reach mutual agreement with respect to reporting and budgeting to Norad, they shall escalate the disagreement to the respective heads of their organization(s) for resolution. The heads of their organization(s) shall meet at a mutually agreed to location and use their utmost good faith to attempt to resolve the outstanding issue(s). In the event they are not able to achieve an agreement on these reports and budgets, the Consortium Parties involved in the dispute may elect to follow the provisions of the dispute resolution mechanisms set forth in Paragraph 21 or agree to an alternative dispute resolution mechanism.

5. **Disbursement of funds**

- 5.1. **Following signature of the present agreement,** CIP shall disburse funds to the Consortium Parties within fifteen (15) days of receipt of funds from Norad in accordance with the allocation between the Consortium Parties set forth in the Norad Grant (Exhibit B).

All payments are subject to receipt of funds from the donor by CIP.

- 5.2. CIP will disburse the amount of the budget consistent with Exhibit B to Contract parties in Norwegian Krone.

The Grant shall be disbursed in advance installments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement. The second disbursement shall be subject to Norad's receipt and approval of an updated results framework.

Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources

during the same period.

The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.

All disbursements are conditional upon the Consortium Party continued compliance with the requirements of the Norad Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project's first year, the first disbursement each year is subject to the Norad's receipt and approval of the updated implementation plan and budget, while the second disbursement each year is subject to Norad's receipt and approval of the latest progress report and financial report.

The final disbursement will be made upon Norad's receipt and approval of the final report/financial report/audit report/an invoice covering expenditures incurred since the previous disbursement.

The Consortium Party will be required to report to CiP on the expenditure of the funds on the project as set out in Exhibits B and C and is not permitted to use the funds for any work unrelated to the project. The Consortium Party must retain financial records of the expenditure, including vouchers, receipts, bank statements, computer print-outs etc., for 7 years after completion and closure of the project.

- 5.3. In the event that Norad denies, reduces or increases funding for any specific component of the Project at any time, then the Parties shall adjust the budget for such component in accordance with Norad's instructions. To the extent that Norad changes funding for a specific component without instructions, then the Parties shall apply the change proportionally to the budget for that component alone.
- 5.4. To the extent that Norad changes funding for the Project without referencing a specific component, other than as a result of currency fluctuations, then the Parties shall adjust the budget for the entire Project in accordance with Norad's instructions. To the extent that Norad changes funding for the entire Project other than for currency fluctuations and provides no such instructions, then the Parties shall apply the change in a proportion equal to the allocation contained in Exhibit B across the entire Project budget.



**6. Reporting and Budgeting**

- 6.1. The Consortium Parties shall work cooperatively to develop and submit the reports and updates required by Norad, as set out in Exhibit B. The Consortium Parties will work together to prepare a mutually agreeable updated Project plan and budget covering the period from January to December for submission to Norad by January 15 for each year. Changes requested of Norad by the Consortium Parties to the original budget shall require the consensus agreement of the Consortium Parties. Each Party shall be responsible for the portions of the annual progress report that pertain to Project components on which that Party has the greatest budgetary allocation in Exhibit B. When submitting reports as the Coordinating Agency, CIP shall make no material changes to report content drafted by a Party without that Party's express consent.
- 6.2. All submissions for inclusion in reports and updates required by Norad shall be provided to CIP on or before 6 weeks prior to the due date. CIP shall consolidate the reports and updates from the Consortium Parties, provide any necessary connecting and coordinating text and circulate them in a timely fashion so that there is a minimum of ten (10) days for the Consortium parties to submit comments, edits and questions to CIP.
- 6.3. CIP shall use good faith in incorporating any and all comments, edits, or questions in to the report. If substantive changes to the reports or updates they shall be circulated to the Consortium Parties for review and approval no less than three (3) days prior to submittal.
- 6.4. If issues concerning the report or updates still are unresolved, the Consortium Parties with the disputes shall meet in person at a mutually agreed location and work out the disputes in utmost good faith or resort to the dispute resolution mechanisms of paragraph 21 or such other dispute mechanism as the involved Consortium Parties agree.
- 6.5. If resolving the dispute would make the filing of the report or update late, the portion of the report or update that is not disputed shall be filed with Norad by the submission deadline, with a neutral statement in that or those portions of the report or update that is/are still in dispute, stating that the section is still being prepared and will be seasonably supplemented.
- 6.6. The Consortium Parties shall work in good faith to prepare reports and updates required by Norad to ensure that they are filed in a timely basis.

**7. Grant Compliance**

- 7.1. All of the Consortium Parties agree that they will assist CIP in complying with certain provisions of the agreement between Norad and CIP attached to this Agreement as Exhibit B. Specifically, each Party shall:
- 7.2. Actively assist in good faith with the preparation of budgets, implementation plans, progress reports, financial reports and final reports, and any changes thereto, with respect to components of the Project implemented by Consortium Member;
- 7.3. All Consortium Parties agree to maintain full and accurate books, records, documents, and other evidence in accordance with generally accepted accounting principles to sufficiently substantiate the expenditure of the Agreement Amount. All Consortium Parties' financial management systems shall provide for the following:
  - 7.3.1. Accurate, current, and complete disclosure of the financial results for the Agreement Amount in accordance with the reporting requirements of this Agreement;
  - 7.3.2. All Consortium Parties shall maintain all funds received from Norad in support of this Project in an interest bearing account;
  - 7.3.3. All Consortium Parties shall maintain a systematic and separate accounting pool/class for funds received and expenditures incurred under this grant;
  - 7.3.4. Effective control over and accountability for all funds, property, and other assets. All Consortium Parties shall adequately safeguard all such assets and ensure that they are used solely for authorized purposes;
  - 7.3.5. Records shall clearly identify the source and information pertaining to the Agreement Amount. All accounting records shall be supported by proper approval and documentation that at minimum will identify, corroborate, segregate, and accumulate all costs incurred under the Agreement Amount;
  - 7.3.6. Comparison of actual expenditures with budget amounts under each category per approved budget; and,
- 7.4. Any accrued interest on the Agreement Amount may be used to finance the implementation of the Project during the support period.
- 7.5. Funds are provided only to support the costs approved in the budget in Exhibit B.

- 7.6. All projected changes in expenditures and reallocation of more than 10 percent than the budgeted amount in a budget line item shall be communicated within a week to CIP for Norad's approval as per conditions of the grant agreement.
- 7.7. All taxes, fees, and/or duty charges related to the expenditure of the Agreement Amount are the sole responsibility the Party expending the funds.
- 7.8. Representatives of Norad and the Norwegian Auditor General shall at all times be allowed to undertake control measures to verify that the Norad Grant is being used in accordance with Norad's agreement with CIP (Exhibit B) or to request documentation that this is occurring, and therefore, as a condition of receipt of the Agreement Amount, each Consortium Party hereby agrees to permit Representatives of Norad or the Norwegian Auditor General to visit any premises and examine any records, goods and documents related to this Agreement, expenditure of the Agreement Amount and/or the Project which are requested.
- 7.9. All Consortium Parties shall have an audit conducted on the annual Project accounts and submit the auditor's report to CIP by April 1<sup>st</sup> of each year. The audit shall be carried out by a state-authorized, chartered or certified public accounting firm in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose framework") or ISA 805 ("Special consideration audits of single financial statements and specific elements, accounts or items of a financial statement").
- 7.10. The audit must give reasonable assurance that the financial statements are free of material misstatement. The costs of the audit shall be covered by the Grant. If the auditor, submits a Management Letter (Matters for governance attention) such letter shall be attached to the auditor's report.
- 7.11. All Consortium Parties financial and audit records related to this Norad Grant shall remain available for examination, evaluation, and audit by representatives of CIP, Norad or the Norwegian Auditor General for a minimum of seven (7) years from the termination of the Project and/or expiration date of this Agreement.
- 7.12. **Reviews and other follow-up measures:**
  - 7.12.1. A Review focusing on progress to date, a possible exit strategy, and an assessment of possibilities for continued partnership will

be carried out by June 2021. Norad shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review will be covered by Norad over and above the grant.

- 7.12.2. If a Consortium Party initiates a review or evaluation of activities that are wholly or partly funded by the grant, Norad shall be informed. A copy of the report of any such review or evaluation shall be forwarded to Norad without undue delay.

## 8. Project and Final Reports

- 8.1. A **progress report** covering the period from January to December shall be submitted to CIP by March 15 each year. The last year of the Support Period the progress report shall cover the period from the start of the Support Period to December 2021. The progress report shall, as a minimum, include:

- 8.1.1. an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
- show delivered outputs compared to planned outputs;
  - show the Project's progress towards achieving the Outcome;
  - if possible, describe the likelihood of the Impact being achieved.
- 8.1.2. an account and assessment of deviations from the latest approved implementation plan and Application;
- 8.1.3. an assessment of how efficiently Project resources have been turned into Outputs;
- 8.1.4. a brief account of materialized risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

The Civil Society Department's standard reporting format shall be used.

- 8.2. A **financial report** covering the period from January to December shall be submitted to CIP by March 15 each year. The financial report shall, as a minimum, include:

- 8.2.1. the accounting principles applied;

- 8.2.2. income from all sources, including bank interest. Norad's contribution shall be specified;
- 8.2.3. expenses charged/capitalized in the relevant reporting period;
- 8.2.4. expenses charged/capitalized from start-up of the Project to the end of the reporting period;
- 8.2.5. unused funds as per the reporting date;
- 8.2.6. balance sheet, when required in accordance with the accounting principles applied;
- 8.2.7. explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

Deviations between the approved budget and the expenses charged/capitalized shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

The **final financial report** shall cover the entire Support Period and shall be submitted along with the final report.

- 8.3. An **audit report** covering the annual financial statements of the Project shall be submitted to CIP by April 1st each year. The audit report shall comply with the requirements set out in the Norad grant agreement. The management letter (matters for governance attention) shall be attached to the audit report.
- 8.4. An updated **implementation plan and budget** covering the period from January to December shall be submitted to CIP by November 30 each year. The implementation plan and budget should include the content listed in Article 1 of the General Conditions of the Norad Grant and will need to be approved by Norad in writing.
- 8.5. The **annual report and audit report** of the Consortium Party shall be submitted to CIP by April 1st each year. In addition, if the auditor submits a management letter (matters for governance attention) this shall be attached to the audit report.



8.6. A **final report** for the Support Period shall be submitted to CIP no later than March 1, 2022. The final report shall, as a minimum, include:

- 8.6.1. the items listed for the progress reports described in article 8.1, covering the entire Support Period;
- 8.6.2. an assessment of the Project's effect on society (Impact);
- 8.6.3. a description of the main lessons learned from the Project;
- 8.6.4. an assessment of the sustainability of the achieved results by the Project.

The Civil Society Department's standard reporting format shall be used.

**9. Refunds**

- 9.1. Repayment of interest and unused funds: Once all activities of the Project have been implemented, and after discussion with CIP, any unused funds, including accrued interests, that total more than NOK 500 shall be repaid as soon as possible, and at the latest six months after the end of the support period, according to the instruction for such eventuality outlined in Exhibit B.

**10. Material Changes**

- 10.1. Consortium Parties will notify CIP of any changes due to:
  - 10.1.1. Major deviations from the project document, including budget and goal hierarchy and alterations to the implementation plan of more than three months, which CIP is obligated to report to Norad in writing in advance;
  - 10.1.2. A change in principal persons responsible for conducting this grant;
  - 10.1.3. Force majeure that may impede or otherwise affect this grant.
- 10.2. CIP will use good faith to communicate these issues to Norad and to have them not affect the Consortium parties' ability to participate in the Project.

**11. Reporting Deadlines**

- 11.1. If any Consortium Party is unable to meet a reporting deadline, it shall inform CIP immediately with an explanation why it cannot meet the reporting deadline.

- 11.2. Upon such notification, CIP shall seek an extension from Norad for that Consortium Party to file the report late. A late reporting by one Consortium Party shall not affect the reporting obligations of any other Consortium Party.

**12. Meetings and Communications with Norad**

- 12.1. CIP and all Consortium Parties shall include each other in all communications and meetings with Norad related to the annual and semi-annual budget submissions and progress reports for the Project.
- 12.2. CIP shall be the main point of contact with Norad. CIP shall set up any communication requested by a Consortium Party.
- 12.3. Under no circumstances will CIP terminate its agreement with Norad for the Project or otherwise allow that agreement to lapse without the prior written consent of each of the Consortium Parties.

**13. Termination/Withdrawal**

- 13.1. Termination by Norad. In the event that Norad terminates the Project via written notice to CIP, CIP shall have the right to terminate this Agreement by providing written notice to the Consortium Party. CIP shall not be liable for payment of funds beyond those actually provided by Norad.
- 13.2. Termination by Mutual Agreement. This Agreement may be immediately terminated by mutual agreement of all Parties. Upon termination by mutual agreement, the Parties shall terminate all work, not incur any further expenses except to generate and submit any outstanding reports to Norad, and otherwise cooperate in good faith to bring the Project to a close. This agreement may be terminated for any specific Consortium Party upon mutual agreement of all Parties. If one Consortium Party seeks to terminate its participation in the Project by mutual agreement, upon termination, the terminating Party shall stop all work, not incur any further expenses except to generate and submit any outstanding reports to Norad, and otherwise cooperate in good faith to bring its portion of the Project to a close. If the terminating Party has unspent funds from the Agreement Amount, it shall return those funds to CIP to be used by the remaining Consortium Parties to advance the Project, as they mutually agree. The withdrawal of any Consortium Party shall not affect the rights and obligations of any other Consortium Party.
- 13.3. Termination for Cause. Any Consortium party may seek to terminate any other Consortium Party's participation in the Project, if the terminating

Party determines in its reasonable good faith judgment that one of the following applies to the other Party: 1) fraud or criminal conduct by the other Party with respect to the subject matter of this Agreement; 2) violation of applicable laws and standards on foreign corrupt practices; 3) failure to comply with U.S. and European anti-terrorism financing laws or any UN convention or UN Security Council resolution; or 4) failure to perform material aspects of the obligations assumed by the Consortium Party in Exhibit B and/or this Agreement. In the event of a termination for cause due to failure to perform material aspects of the obligations assumed by the Consortium Party in Exhibit B or this Agreement, the defaulting party shall be given 30 days' notice to cure any failure of performance. If at the end of 30 days the defaulting Party has failed to perform material aspects of the obligations assumed in Exhibit B or this Agreement and has failed to provide the other Consortium Parties with a reasonable and good faith plan to cure the failure of performance within a reasonable period of time, the defaulting Party shall be terminated. The terminated Party shall cease expending or obligating the Agreement Amount and shall return all unspent funds to CIP to be used by the remaining Consortium Parties to advance the Project, as they mutually agree. The terminated Party may take advantage of the dispute resolution provisions in Paragraph 21 to determine whether or not termination is warranted.

- 13.4. Upon termination of a Consortium Party by agreement or for cause, CIP will notify Norad of the termination and take whatever steps may be necessary to comply with its reasonable requests and to have the remaining Consortium Members to continue to implement the Project. If the entire project is terminated, CIP shall notify Norad and the Consortium Parties will fulfill their remaining obligations with respect to the Project in good faith.
- 13.5. In the event of a demand by the donor for full or partial repayment of the grant, CIP reserves the right to reclaim a pro rata contribution by the Consortium Party to such full or partial repayment.
- 13.6. In the event of termination, any unspent funds remaining after all costs and unavoidable commitments have been met shall be returned to Norad, according to the instruction in Exhibit B.
- 13.7. Notwithstanding the foregoing, termination for any reason shall not affect rights and obligations arising prior to the termination date, including without limitation Publicity and Intellectual Property (16), Confidentiality and Exposure of Information (17), and Limitation of Liability/Indemnification provisions (18) outlined below. Furthermore,

termination shall not discharge any party to this Agreement of financial and other liabilities arising prior to termination.

**14. Procurement**

14.1. Any procurement undertaken during the implementation of the Project shall comply with the instructions in Exhibit B. Any procurement will be competitively evaluated and carried out in accordance with good business practice, ensuring transparency, verifiability, equal treatment, predictability and non-discrimination on the basis of nationality or local ties, so that the best combination of prices, terms and conditions may be obtained.

14.2. All Consortium Parties shall:

14.2.1. take into account any environmental impact when planning the procurement.

14.2.2. ensure that the International Labor Organization's core conventions are complied with where relevant.

14.2.3. request tenderers to inform the Grant Recipient of any potential conflict of interests related to the procurement.

14.2.4. enforce a strict practice towards tenderers who can be linked to professional misconduct, including:

14.2.4.1. only accept tenders that affirm that the tenderer has not received any final conviction for participating in a criminal organization, or for corruption, fraud, money laundering, or any other form of economic crime;

14.2.4.2. consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has received a final conviction for a criminal offence related to its professional conduct; and

14.2.4.3. consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has committed a serious breach of professional or ethical standards in the line of business concerned.

14.2.5. When the total value of a procurement exceeds NOK 100,000 excluding VAT, the Consortium party shall keep a procurement record that documents assessments and decisions during the

whole procurement process from the planning stage to the signing of the contract. The record shall include assessments and decisions regarding the above points.

- 14.2.6. All building and/or construction contracts and contracts on related services entered into under the Project shall be awarded in accordance with the Norwegian Act and Regulations on Public Procurement.

The above conditions apply equally to procurement undertaken by any cooperating partner of the Consortium Members. The contract between a Consortium Member and any cooperating partner shall include requirements equivalent to those set forth above.

- 14.3. Property and Equipment. The right of ownership to property, equipment and consumables procured by the use of the Grant shall vest in all of the Consortium Parties jointly. All matters associated with such property, equipment and consumables are the exclusive responsibility of the Consortium parties.

If such property is sold before the end of the Support Period, the Consortium Parties shall prepare sales records. The income from the sale shall accrue to the Project. This record shall be attached to the first report after the sale and details included in the financial reporting.

If the activities under the Project do not continue after the end of the Support period, all remaining property, equipment and goods that have been purchased by use of the Grant shall be sold and documented as described above. The income from the sale shall be repaid to Norad as set out in Exhibit B.

**15. No Detrimental Actions**

No action shall be taken by a Party under this Agreement that would result in the Coordinating Agency being in breach of obligations pursuant to the terms of Exhibit B.

**16. Publicity and Intellectual Property**

- 16.1. Each Consortium Party shall be responsible for public communications regarding elements of the Project that they are leading. Where CIP and any Consortium Party are actively implementing a particular Project element, the Parties involved shall consult each other in advance concerning all public communications. Each Party shall have ownership and other intellectual property with respect to any materials developed by that party for the Project. Works created through active collaboration



of both CIP and any Consortium Parties shall be jointly owned by CIP and the Consortium Party that created it. No Party shall disparage another, nor use the trade name or marks of another Party without the owner's prior written consent.

- 16.2. Each Consortium Party is the sole and exclusive owner of its source documents and any information or materials provided to any other Consortium Party under this Agreement. Each Consortium Party is also the sole and exclusive owner of its name, logo, and other proprietary materials. Each Consortium Party shall not use any other Consortium Party's name, logo or other proprietary materials in any manner including on publications, websites or press releases without the express written consent of that Consortium Party.
- 16.3. Each Consortium Party shall not use, nor authorize others to use, the name, symbols, or marks of any other Consortium Party, including, without limitation, in any press release or public announcement, or in the promotion of any product or service, without that Party's prior written approval.
- 16.4. Norad is also the sole and exclusive owner of its name, logo, and other proprietary materials. No Consortium Party shall use Norad's name, logo or other proprietary materials in any manner including on publications, websites or press releases, except in accordance with rules established by all Consortium Parties concerning the use of Norad's name.
- 16.5. If a Consortium Party meets the agreed upon criteria to use Norad's name, logo or other proprietary materials in public communications related to the Project, that Party shall include an appropriate acknowledgement of the support of Norad and expressly indicate that the communication "does not necessarily reflect the views or opinions of Norad."

#### **17. Confidentiality and Disclosure of Information**

All Consortium Parties acknowledge that information and materials regarding any other Consortium Party's work, programs, strategies, operations, donors, finances, and activities are confidential, and agrees that it shall treat as confidential and properly safeguard any such information and material which it obtains or to which it has access as a result of the Project which the Consortium Party designates as "confidential". No Consortium Party shall divulge to any third party the contents of any data, reports, records, information, work product, designs, or other materials or information produced under this Agreement or

provided to it by any other Consortium Party in connection with this Agreement or the Project, without the prior written consent of that Party.

**18. Limitation of Liability/Indemnification**

- 18.1. Limitation of Liability. In no event whatsoever shall any Consortium Party be liable to any other Consortium Party for any incidental, indirect, special, consequential or punitive damages or lost profits under any tort, contract, strict liability or other legal or equitable theory arising out of or pertaining to the subject matter of this Agreement. In all other cases, each Consortium Party's liability to any other for any matter pertaining to the subject matter of this Agreement shall be limited, to the fullest extent permissible by law, to the total Compensation paid by Norad to the Consortium Party pursuant to this Agreement.
- 18.2. Indemnification. All Consortium Parties agree to indemnify and hold harmless all other Consortium Parties, and their employees, representatives, officers, directors and agents from any and all liability, loss, damage, claim, cost, or expense, including reasonable counsel fees and expenses, paid or incurred by reason of that Consortium Party's breach of any of the obligations, covenants, representations or terms contained in this Agreement or by reason of its intentional or negligent conduct relating to performance of this Agreement.
- 18.3. Insurance. Consortium Parties are responsible for their own insurance against all eventualities arising from the Project caused by their intentional or negligent acts. Each Consortium Member accepts no responsibility for liability or personal injury, loss of goods or articles, or any other accident incurred by another Consortium Member unless caused by its intentional or negligent act.

**19. Warranties**

- 19.1. 19.1 Each Consortium Party warrants that it has full power and authority to enter into and perform this Agreement.
- 19.2. Each Consortium Party warrants that all material it will produce in connection with this Agreement is original with that Consortium Party, and that Consortium Party's work shall not infringe any copyright, defame any person or entity, or violate the privacy rights or any other right of any person or entity.
- 19.3. In performing services under this Agreement, each Consortium Party warrants that it will act in conformance with prevailing ethical standards applicable to its usual conduct and to the customs and practices of

persons and entities engaged in similar activities.

- 19.4. Each Consortium Party agrees to complete to the best of its ability all aspects of the Project, including work and work products, assigned to it in Exhibit B and this Agreement, and to do so in a timely manner and in accordance with prevailing professional standards.
- 19.5. Each Consortium Party warrants that it is presently, and will remain, for the Term of this Agreement, free from any commitments or conflicts of interest that would impair its performance of the Services in accordance with this Agreement and the obligations set forth in Exhibits B and C.
- 19.6. Each Consortium Party certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in providing these Services by any U.S. Federal department or agency. Each Consortium Party further certifies that if, at any time after execution of this Agreement, it becomes aware that it is on, or is being added to a U.S. Federal department or agency debarment list, it will provide notice of such to all other Consortium parties within forty-eight (48) hours of its becoming aware of this fact carrying out and performing Services under this Agreement, each Consortium Party agrees to comply with all applicable anti-bribery and anti-corruption laws in the countries where it has its principal place of business and where it provides Services under this Agreement.
- 19.7. Each Consortium Party understands and agrees to comply with the U.S. Foreign Corrupt Practices Act, as revised, which generally prohibits the offer, promise, payment or giving of anything of value either directly or indirectly to any government official for the purpose of obtaining or retaining business or any improper advantage. For purposes of this section, "government official" means any official, officer, representative, or employee of any non-U.S. government department, agency or instrumentality (including any government-owned or controlled commercial enterprise), or any official of a public international organization or political party or candidate for political office.
- 19.8. Consortium parties shall, without undue delay, inform Norad and CIP of any suspicion of financial irregularities that it becomes aware of during the implementation of the Project.
- 19.9. Consortium parties shall not during the implementation of the Project not indirectly or directly demand, receive, accept, offer or give any kind of gift, payment or benefit that could be construed as illegal or corrupt

practice.

- 19.10. Each Consortium Party certifies that it shall not undertake or promote any activity that may directly or indirectly support terrorists, acts of terrorism, or other violent activity, and it shall take reasonable steps to ensure that no person or entity expected to receive funds or other support in connection with this Agreement is named on any list of suspected terrorists or blocked individuals maintained by the government of the United States of America.

**20. General Provisions**

- 20.1. Legal Compliance. Each Consortium Party shall comply with all applicable laws and regulations relating to activities conducted as part of the Project.
- 20.2. Assignment and Subcontracts. No Consortium Party may assign to any third party any rights under this Agreement without the express prior written consent of the other Consortium Parties. Each Consortium Party may at its discretion engage qualified subcontractors to help implement discrete aspects of the Project consistent with this Agreement, including its exhibits. The Consortium party will engage in written agreements with subcontractors requiring compliance with the obligations of the agreement, particularly with regard to reporting, audit, procurement and anti-corruption measures.
- 20.3. Entire Agreement. This Agreement, including the Exhibits thereto, state the complete understanding of the Consortium Parties with regard to carrying out the Project, and it supersedes any prior or contemporaneous understandings, oral or written, with respect to the same subject matter. Any amendments to this Agreement must be in writing and signed by all Consortium Parties.
- 20.4. No Third-Party Beneficiaries. No provision of this Agreement shall in any way inure to the benefit of any third-party so as to constitute such party as a third-party beneficiary of the Agreement or otherwise give rise to any cause of action to any party.
- 20.5. Counterpart Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. The Consortium Parties are entitled to rely on a counterpart executed and delivered by facsimile to the same extent as a counterpart with an original signature.

- 20.6. Notices. All notices pertaining to this Agreement shall be in writing and shall be transmitted either by personal hand delivery, by bonded nationally recognized overnight delivery, or through the Postal Service by registered or certified mail, return receipt requested, by any Consortium Party in hand to the other. The addresses set forth below for the respective parties shall be the places where notices shall be sent unless written notice of a change of address is given:

**For CIP:**

Attn: Salih Booker  
The Center for International Policy  
2000 M Street, NW, Suite 720  
Washington, DC 20036

**For Waxman:**

Attn: Michael Waxman  
Waxman Strategies  
~~1900 M St. NW, Third Floor~~ 1150 Connecticut Ave, NW, Ste. 800  
Washington, DC 20036

**21. Dispute Resolution**

The Parties agree that in the event of a dispute related to the Project of this Agreement, that the heads of the Consortium Parties shall meet at a mutually agreed to location and use their utmost good faith to attempt to resolve the outstanding issue(s). If those efforts fail, the Consortium Parties agree to submit any unresolved disputes concerning the Project, the interpretation of this Agreement (including the Exhibits thereto), including claims for violations of applicable statutes, regulations or contractual and common law rights, to arbitration via an international arbitration service.

**22. Controlling Law; Severability and Venue**

This Agreement shall be governed by laws of the District of Columbia, USA, including the provisions governing the appropriate forum and law for resolution of the dispute. In the event that any portion of this Agreement is held to be unenforceable, such portions shall not limit or otherwise modify or affect any other portion of this Agreement.

**23. Acceptance of Terms and Conditions of Norad Grant**

All Consortium Parties agree to conduct the Project in accordance with the terms and conditions of the Norad Grant. A copy of the terms and conditions of the Norad Grant to which each Consortium Party agrees to be bound by, not included in the body of this Agreement, are affixed hereto as Exhibit B: Norad



Grant Agreement. CIP shall communicate and consult Consortium Parties on any amendments to this Grant Agreement.

**24. Acceptance of This Agreement**

By signing this agreement, all Consortium Parties, or their duly authorized representatives, have reviewed and agree to be bound by these provisions.


**[SIGNATURE PAGE FOLLOWS]**

Signature block for all Parties to the Project.

CENTER FOR INTERNATIONAL POLICY

Date:

Signature:

 12/20/2019

Salih Booker  
President & CEO

WAXMAN STRATEGIES

Date: 1/29/2020

Signature:



Michael Waxman  
President & CEO



# **¡Acción Ya!**

## **Protecting the Forests and Indigenous Communities of Latin America:**

*Organizing, Communications, and Policy to Stop Commodity-Related Deforestation and  
Land Grabbing*

A proposal for the Norwegian International Climate and  
Forests Initiative



**Waxman**

The application is submitted to Norad, The application will be assessed based on the criteria outlined in the grant scheme rules for the NICFI grant (Chapter. 1482, post 73 in the Norwegian National Budget). Grant scheme rules in Norwegian can be found [here](#).

#### **Description of Applicant and Request for Funds**

<b>1. Name:</b>	Center for International Policy (CIP)
<b>2. Legal status and type of institution:</b>	International NGO, 501(c)3 organization
<b>3. Year of establishment:</b>	1975
<b>4. Contact person with email and phone number:</b>	Salih Booker, <a href="mailto:sbooker@internationalpolicy.org">sbooker@internationalpolicy.org</a> , +1-202-232-3317 Glenn Hurowitz, <a href="mailto:Glenn@waxmanstrategies.com">Glenn@waxmanstrategies.com</a> , +1-917-386-3571 (Waxman Strategies)
<b>5. Location of head office:</b>	2000 M Street NW, Suite 720, Washington, D.C. 20036, USA
<b>6. Website:</b>	<a href="https://www.internationalpolicy.org/">https://www.internationalpolicy.org/</a>

#### **7. Annual income of organization in the last three years including income source (name of donors):**

<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Total Revenue USD:</i> \$4,959,399	<i>Total Revenue USD:</i> \$2,928,367	<i>Total Revenue USD:</i> \$4,524,015
<i>Total Expenses USD:</i> \$5,101,628	<i>Total Expenses USD:</i> \$3,016,950	<i>Total Expenses USD:</i> \$4,721,624

#### **8. References/ contact information to two donors of the applicant.**

Walt Reid, Director, Conservation and Science Program, The David and Lucile Packard Foundation.  
WReid@packard.org / +1-650-917-7239 \* Mark N. Muller, Program Director, McKnight Foundation.  
MMuller@mcknight.org / +1-612-333-4220

#### **9. Does the applicant have an anti-corruption strategy and notification procedures in the event of suspected financial irregularities?**

CIP has strong internal controls in place to prevent, detect and report fraud and corruption. Management is responsible for developing and executing mitigating controls to address fraud risks while ensuring controls are executed efficiently by competent and objective individuals and that individual's level of authority is commensurate with his or her level of responsibility. All funds are accounted for as a result of the system described in the previous two points. All fixed costs such as staff and overheads are directly managed by the Project Lead and are scrutinized and approved by the board. Management is also responsible for the preparation and fair presentation of the organization's financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Project Director may approve expenses up to \$5,000. Any expenses greater than that will require approval from the CEO of the Mighty Earth program and expenses greater than \$50,000 will also receive approval from the executive director of CIP. In addition, expenses will be undertaken in compliance with Norad's guidelines. A financial audit is also performed for CIP on a yearly basis and conducted in accordance with auditing standards accepted in the United States of America, and in accordance with International Standards on Auditing. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



CIP works under the principle of a set of ethical guidelines and complies with United States of America Labor Regulation. CIP's internal systems for disclosing and reporting corruption or wrongdoing are framed by its governance policies and guidelines. CIP has also put in place systems for monitoring its partners to which it issues subawards to carry out specific portions of a project or award. CIP uses a risk-based approach to determine the level of monitoring activities it will engage in necessary to ensure subrecipient compliance with meeting (a) relevant standards, including preventing misreporting, fraud, or corruption, and (b) the terms of the subaward agreement. The risk assessment considers the dollar exposure of the subaward and the potential offsetting number of mitigating controls the subrecipient is able to demonstrate. This approach calibrates the efforts CIP deploys to oversee subrecipient compliance with the identified levels and areas of risk specific to the subrecipient in question.

CIP and partners work to fight corruption around the world. As such, we expect the highest ethical standards from our own team members and partners and will work to ensure an organization that is free of corruption and that advances ethical practices more broadly. Team members are supported in immediately reporting any evidence of corruption or unethical behavior and take preemptive steps to avoid situations that are exposed to corruption. CIP takes any steps possible to protect whistleblower confidentiality where desired.

**10. *Does the organization have approved written routines for procurement?***

CIP's grant management procedures include quarterly reviews of programmatic tasks against grant agreements and timelines, as well as a comparison of project tasks and results against budget projections and spending. During these reviews, our staff, using the results framework, will evaluate our performance to date, the project timeline, outputs, and activities, as well as the budget and associated agreement documents and check these against actual spending and project results. This ensures that any problems or challenges are identified promptly and addressed. These assessments are conducted internally throughout the grant period.

CIP staff work closely with partners as they develop their budgets to ensure that the necessary spending needed to accomplish the project's goals is reflected. To ensure that adjustments are addressed promptly, the team will conduct regular meetings and phone calls with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this.

The project leader at CIP will lead the execution of the project and will be empowered to make decisions within the context of the proposal's results framework and budget. The project leader will work with staff responsible for grant implementation to ensure effective financial management of grant partners and sub-grantees. Our staff work closely with partners as they develop their budgets, to ensure that the necessary spending needed to accomplish the project's goals is reflected. In order to ensure that adjustments are addressed promptly, the team will conduct regular meetings/communications with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this. Major strategic decisions or significant revisions to the project plan and results framework will be undertaken only with approval of CIP's Mighty Earth program CEO, in consultation with project partners and Norad. As discussed, we will meet or have phone calls with Norad on a quarterly basis. These systematic updates by phone and in-person will guarantee that strategic decisions are made with the input of all relevant stakeholders.

**11. *Does the organization have a financial management manual?***

CIP will be the lead manager of project funds. The Director of Finance and Operations will be responsible for managing the internal financial systems for the project and for financial reporting. CIP has been a responsible steward of NORAD funds since 2009. We have strong policies and procedures in place, including NORAD specific audits, to ensure that funds are used for their designated purposes. For the last four years, CIP has received the Charity Navigator's 4-star rating (the highest rating possible), a true testament to our fiscal responsibility. To this end, CIP and principal partners will work closely to develop high-quality reports, which will include a narrative report, matrix of indicators and a financial report.

CIP will put into place a Memorandum of Understanding with partners and sub-grantees to outline expectations for financial reporting consistent with Norad guidelines and expectations. For instance, we will require partners to submit all financial reporting for the project one month in advance of its due date for thorough review. We keep written records of all contracts and other important written materials relevant to the project. Consistent with Norad guidelines, we will engage in competitive bidding for large projects.

CIP will make available to Norad financial documentation related to the project. CIP has a strict internal expense policy and automatic expense-monitoring system to track expenses to ensure value for money. In addition, we have in place an automatic expense-monitoring system to track expenses and ensure they are in line with expectations on a rapid basis. In our reporting, we will include a narrative report (description of activities at outcome level according to Norad's result chain), matrix of indicators and financial report including detailed expenses of CIP and partners.

**11. Does the organization have ethical guidelines?**

CIP works under the principal of a set of ethical guidelines and complies with United States of America Labor Regulation. CIP's internal systems for disclosing and reporting corruption or wrongdoing are framed by its governance policies and guidelines. CIP has also put in place systems for monitoring its partners to which it issues subawards to carry out specific portions of a project or award. CIP uses a risk-based approach to determine the level of monitoring activities it will engage in necessary to ensure subrecipient compliance with meeting (a) relevant standards, including preventing misreporting, fraud, or corruption, and (b) the terms of the subaward agreement. The risk assessment considers the dollar exposure of the subaward and the potential offsetting number of mitigating controls the subrecipient is able to demonstrate. This approach calibrates the efforts CIP deploys to oversee subrecipient compliance.

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**12. Does the organization have a gender equality policy?**

The following is excerpted for the CIP Personnel Policies:

*All CIP staff members shall be employed without regard to race, religion, national origin, age, gender, sexual orientation, gender identity or expression, marital status, disability (if otherwise qualified with or without reasonable accommodation), genetic information, family responsibilities or any other factor protected by applicable law. CIP seeks diversity in its workforce and is dedicated to the principles of equal employment opportunity.*

**13. Does the organization have guidelines and notification procedures to prevent and detect sexual harassment and sexual exploitation?**

The following is excerpted for the CIP Personnel Policies:

*Harassment-Free Workplace Policy: Workplace harassment is illegal and a violation of CIP policy. CIP is committed to maintaining a work environment free of discrimination and will not tolerate any form of harassment or unlawful discrimination against its employees by anyone, including supervisors, board members, other employees, or other third parties. Prohibited harassment includes sexual harassment, as well as harassment on the basis of race, color, religion, ancestry, national origin, age, disability, sexual orientation, gender identity or expression, or other status protected by applicable law. Any employee who is found to have harassed another employee, or retaliated against an employee for reporting harassment, will be subject to appropriate disciplinary action, up to and including suspension and termination.*

*Sexual Harassment Defined: Sexual harassment occurs whenever unwelcome sexual conduct is made a term or condition of employment. This can happen in one of two ways. First, sexual harassment occurs when unwelcome sexual conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. Second, sexual harassment occurs when the granting of an employment benefit is conditioned upon the receipt of sexual favors or the acceptance of sexual conduct or when an employee is punished for refusing to submit to or accept sexual requests or conduct. Unwelcome sexual conduct can take a variety of forms. It can be verbal (sexual innuendo, insults, threats, jokes about gender-specific traits, or sexual propositions), non-verbal (making suggestive or insulting noises, leering, or making obscene gestures) or physical (touching sexual areas or any touching when employee has objected, assault, or coerced sexual intercourse).*

*Other Harassment Defined*

*Harassment on the basis of other protected group status can also occur in two ways. First, such harassment can occur when an employee is forced to submit to harassing behavior as a basis of any employment decision because that individual is a member of a protected group. Second, harassment occurs when conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment. Again, such conduct can be verbal, non-verbal, or physical.*

*Reporting Procedure: Any employee who believes that s/he or any other employee has been subjected to, or has witnessed, any form of harassment, sexual or otherwise, should promptly report such conduct to his/her supervisor and/or the executive director. In the case of the executive director being the person involved, the employee should report the conduct to the chairs of the board of directors. Employees are encouraged to report harassing conduct before it becomes severe or pervasive. Supervisors who become aware of harassing conduct that may violate this policy must report such conduct immediately. CIP's policy is to investigate all complaints promptly and to maintain confidentiality to the extent practicable. All staff should act responsibly and truthfully in making allegations, responding to allegations, and providing information in an investigation. Retaliating or discriminating against an employee for complaining in good faith of harassment or for participating in good faith in an investigation of harassment is prohibited.*

**14. *If you have previously received funding from the Norwegian government (NICFI funding or otherwise), please state name of the project, the benefactor (Norad, which Ministry or embassy) and whether the project is ongoing or finalized.***

The Center for International Policy is leading the Norad-funded project "Reducing the Impact of Large-Scale Agricultural Investments in the Mekong Region on Communities, Forests, and Climate Change." Project partner Waxman Strategies is also a part of that project, as well as "The Zero Deforestation Revolution: Breaking the Link Between Commodity Agriculture and Forest Loss" led by National Wildlife Federation, "Shifting the World to Deforestation-Free Biofuels Policy," led by the European Federation for Transport & Environment, and "Accelerating Data into Action: A Global Rapid Response Deforestation Monitoring System," led by Aidenvironment.

*Other Norwegian Government funding to CIP.*

- NORAD to Global Financial Integrity Program, 2009-2011: GLO-3942 GLO 305, Task Force on Financial Integrity and Economic Development
- NORAD to Avoided Deforestation Partners program, 2013-2015: GLO-3942 QZA-13/0085, Advancing Public-Private Partnerships for Deforestation-Free/Sustainable Agriculture for REDD+ Relevant Commodity Supply Chains
- Ministry of Foreign Affairs to Global Financial Integrity, 2012-2014: Task Force on Financial Integrity and Economic Development
- Ministry of Foreign Affairs to Financial Transparency Coalition, 2015-2017, QZA-14/0420 FTC Financial Transparency Coalition

**15. *Request for funds, stating total amount per year in NOK.***

Jan. 1-Dec. 31, 2019: 10,125,587 NOK

Jan. 1-Dec. 31, 2020: 10,125,587 NOK

Jan. 1-Dec. 31, 2021: 10,186,524 NOK

**Total:** 30,437,699 NOK

**16. *Is the application for additional funding for a project that is already receiving a grant?***

CIP is not currently funded for this project. However, project partner Waxman Strategies receives approximately NOK 1,932,727 annual funding from National Wildlife Federation for related work under the Norad-funded project "The Zero Deforestation Revolution: Breaking the Link Between Commodity Agriculture and Forest Loss," and will likely receive in 2019 approximately \$650,757 NOK for related work from the Climate and Land Use Alliance. While Waxman has been able to do a great deal of work with existing funding particularly on soy, we believe, as detailed below, that substantial additional funding is necessary to

achieve the goals of stopping deforestation and exploitation in South America for soy, beginning meaningful work on cattle, and driving important governance and policy changes as well as international REDD+ investment in key South American countries.

### **Project Outline**

1. ***Project title.*** Protecting the Forests and Indigenous Communities of Latin America: Organizing, Communications, and Policy to Stop Commodity-Related Deforestation and Land Grabbing

2. ***Background and justification for the project, including link to other relevant initiatives/projects/national priorities – when relevant and depending on type of project***

Mighty Earth is working towards major conservation breakthrough that has the potential to drive a lasting and dramatic reduction in deforestation and land grabbing in Latin America.

Over the past few years, our teams have brought palpable new urgency to the issue of deforestation for soy among major private sector actors, including soy traders, the world's largest consumer-facing meat companies, institutional investors, the media, and the engaged public. While the pairing of the Brazilian Soy Moratorium and the implementation of Brazil's Forest Code have simultaneously reduced deforestation in the Brazilian Amazon dramatically while allowing a 3.6-million-hectare expansion of soy on previously degraded lands,<sup>i</sup> high levels of destruction of intact ecosystems has continued at in the Brazilian Cerrado, Bolivian Amazon, and Paraguayan and Argentine Gran Chaco. Bolivia lost an estimated 289,000 hectares of forest per year between 2010-2015<sup>ii</sup>, and the Cerrado has been cleared at approximately 2.5 times the rate of the Brazilian Amazon, with less than half the Cerrado remaining intact<sup>iii</sup>. The Chaco has been cleared at similarly high rates. This has proceeded despite the availability of an estimated 6.5 million square kilometers (more than half the size of Europe) of degraded land across Latin America where agricultural expansion could occur without sacrificing ecological integrity<sup>iv</sup>.

The extensive availability of degraded land, combined with the powerful example of the Brazilian Soy Moratorium's success, demonstrated that the private sector can spread that success to other biomes – if sufficient publicity, and grassroots, private sector and government pressure can be aligned to persuade them to overcome existing inertia.

We have made remarkable progress towards this goal in a relatively short time. Notably, we persuaded three of the world's six top soy traders, Louis Dreyfus, Wilmar, and Archer Daniels Midland (ADM) to support measures to spread the success of the Brazilian Soy Moratorium to other soy-growing regions of Latin America, and more recently the Chinese state-owned trader COFCO. Following pressure generated through our reports, media coverage and grassroots organizing, as well as consistent engagement by Mighty Earth and our colleagues and partners, more than 100 major soy end-user companies have called for an end to destruction of native vegetation in the Brazilian Cerrado through the Cerrado Manifesto.

We also worked with Green Century Capital Management<sup>1</sup> and others to secure a letter signed by investors who manage more than \$600 billion in assets calling for an end to conversion of native vegetation across soy-growing biomes.

As a result of these campaigns, we and Green Century have recently held substantive conversations with Cargill and Bunge, the two main targets and laggards.

Pressure can and is working.

Our progress was made possible by global communications, grassroots organizing in consumer and developing countries, corporate engagement at the highest levels, detailed research, and concerted media and activist attention. For example, Mighty Earth conducted a remote sensing and field investigation into clearance of

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<sup>1</sup> Green Century is a leader in the environmentally and socially responsible investing field, providing mutual funds for individuals and institutions to keep their money out of the most irresponsible industries while using Environmental, Social, and Governance (ESG) performance ratings in investment analysis and portfolio construction to invest in corporate sustainability leaders.

In addition to investing in sustainable companies: Green Century is a leader in shareholder advocacy, working with dozens of companies each year to adopt policies around reducing climate change, protecting tropical forests, promoting animal welfare, and safeguarding water supplies.

native vegetation for soy, released in the report: “The Ultimate Mystery Meat.” Our field teams visited 28 sites across 3,000 kilometers of the Brazilian Cerrado and Bolivian Amazon Basin, and linked the landscape-scale deforestation we found to the international corporations driving it. The investigation was the subject of an in-depth New York Times feature that was the number one most emailed story on the Times website. It was covered by other publications with a combined circulation of more than one billion people and was shared tens of thousands of times on social media. Our follow up investigation, Still At It, which reported on continued deforestation by Cargill and Bunge and the responses brand-name companies dramatically increased the pressure on consumer facing businesses. Or recently completed new investigation into deforestation and land grabbing for soy in Argentina and Paraguay, “The Avoidable Crisis: the European Meat Industry’s Environmental Catastrophe” was published prominently in leading print and broadcast outlets across Europe and South America, adding to the already increasing pressure.

During this period, we launched grassroots campaigns focused on soy traders and Burger King and other companies that have taken insufficient action to address deforestation. Working with partners like the Union of Concerned Scientists, we have developed a detailed technical proposal for the rapid establishment of an industry joint action system to eliminate deforestation for soy. It is being considered at the CEO level by the major traders and key consumer companies. In other words, we are poised for significant progress. However, companies like Bunge and Cargill have resisted taking action. In order to create the urgency necessary to move Bunge and Cargill, we need to go from generating calls for action by consumer companies and financiers to real shifts of purchase volumes and investment: shifts that move volume away from irresponsible suppliers towards ones that are delivering responsible soy and are actively working to create industry-wide mechanisms to eliminate deforestation.

We see several major strategic opportunities, detailed below, to push this progress on soy over the finish line.

The bulk of our soy work will occur in Brazil, Bolivia, Argentina, and Paraguay, and the respective consumer regions in the EU and China. Our project will focus on the industry’s largest soy traders, which operate in these sensitive biomes. Our goal is the protection of all native ecosystems, not exclusively tropical forests. The private sector focus permits this more expansive approach, many of these ecosystems are both carbon rich and also biologically important, and finally the extensive existence of degraded land across South America demonstrates that there is no need to choose between grasslands and tropical forests. Our campaign also aims to prevent deforestation leakage, which has played out in the past decade, driving clearance from tropical deforestation to grasslands. This company/sector-wide focus is therefore the reason for engaging in non-NICFI partner countries.

In addition to soy, there is an urgent need to address deforestation for cattle, the largest single commodity driver of deforestation. Outside of the success of the Brazilian Amazon’s cattle moratorium, action on cattle has been limited. And while the majority of soy is exported, the majority of beef is consumed internally, so driving progress will require a different approach. While there do exist some real, opportunities to drive action on cattle in the international marketplace, e.g. leather and tallow, our work on cattle will focus more on creating demand within South American countries for private sector action, with demands on consumer-facing supermarkets, restaurants, and other cattle product vendors forwarding those demands to the slaughterhouses that supply them.

A priority private sector goal for our work on cattle is to improve the enforcement of the existing Brazilian cattle moratorium, and to extend its scope to other major cattle producing regions and countries. The bulk of our work on cattle will focus on the Brazilian Cerrado, and will also address Bolivia, Argentina and Paraguay, with strategies developed to address leakage.

In terms of opportunities on both cattle and soy, Brazil holds both promise and challenge. Brazil is home to the world’s largest soy traders (who also operate in Paraguay and Argentina) with key markets in China and Europe. Brazil is home to the world’s largest meatpackers as well, which also operate in other countries in the region, serving local markets and in the global marketplace, making them susceptible to public pressure. The largest risk to our progress in the region is the close relationship between the Brazilian agri-business lobby, and Brazil’s president Jair Bolsonaro, who is expected to work to weaken Brazil’s environmental protection codes. Our work to marshal private sector support to enhance, rather than weaken, protections for native vegetation is all the more critical given the current political context. We will continue to use and mobilize the more than 60 private sector companies who have signed onto the Cerrado Manifesto, as well as the more than 180 businesses and civil society organizations that have courageously—and successfully—called on the Brazilian president not to leave the Paris Agreement or destroy the Ministry of Environment as a bulwark against the Bolsonaro and the agribusiness lobby.



In Bolivia, industrial agriculture for soy and cattle ranching are top drivers of both legal and illegal forest expansion. The Bolivian government has set its eyes on export-oriented agriculture, aiming to expand the agricultural frontier by 10 million hectares through 2025. More than three-quarters of Bolivia's existing soy production is exported, with global agri-business giants Cargill and ADM operating across the landscape. The vast majority of recent clearance has been illegal<sup>v</sup>. This is both a challenge and an opportunity to push for private sector action—on traceability, monitoring, and responsible sourcing—as the lack of safeguards make almost certain that illegal soy is entering global markets via traders who have made very public global commitments to sourcing only legal products. An additional challenge in Bolivia is the expansion of cattle and associated land speculation. Private sector action will need to be complemented by advances in government regulations, forest monitoring, and legal enforcement. Coalitions of civil society and, where possible, private sector actors will need to be organized to encourage government action. Our nascent work to build civil society support for governmental reform and forest conservation in Bolivia, through El Llamado del Bosque, is described in more detail below.

Argentina and Paraguay are our two other focal countries for soy. Argentina alone lost 22 percent of its forests between 1990 and 2015, mostly to soy farms. Eighty percent of this deforestation is concentrated in the northern part of the Chaco in the provinces of Santiago del Estero, Salta, Formosa, and Chaco. Argentina passed a forest protection law in 2009, which requires that at least 0.3 percent of the total national budget goes towards forest law enforcement. However, the funds assigned by the Argentine Congress in 2016 for forest protection were twenty-three times less than that amount. Paraguay ships soy exports via the major ABCD traders (particularly ADM and Cargill), who all have Paraguayan operations. Over the past several years, Paraguay has frequently been ranked as having one of the world's highest deforestation rates. In 2017, President Horacio Cartes issued a decree (criticized by many as illegal) that allowed landowners to clear all of the forest on their property, accelerating the rate of deforestation in the Chaco. Agricultural interests have cleared an estimated 98% of Paraguay's Atlantic Forest. The zero-deforestation law of 2004 prohibits deforestation in the eastern parts of Paraguay until 2018, as well as the conversion of forests into agricultural or livestock production. However, without sanctions or consequences for illegal clearance, deforesters face few obstacles in converting valuable forests to soy fields. To ensure responsible, legal sourcing, the ABCD traders and their peers must adopt in both Argentina and Paraguay traceability and forest monitoring protocols mirroring those of the Soy Moratorium in the Brazilian Amazon. Campaigns highlighting the risk of illegal soy entering the supply chain can push traders to adopt stronger sourcing protections. And, as in all countries, as detailed below, private sector progress can create significantly expanded opportunities for land and human rights governance reforms, as well as enabling conditions for successful international REDD+ partnerships.

***3. Description of how the project will lead to one or more of the three NICFI objectives: Contribute to the international climate regime being an effective means for reducing emissions from deforestation and forest degradation. Contribute to cost-effective, early, and measurable reduction of emissions from deforestation and forest degradation. Contribute to conservation of natural forests in order to maintain their ability to bind carbon.***

Emissions from deforestation in Latin America during 2010-2015 exceeded 800 million tons per year, with 78% attributable to agricultural drivers.<sup>vi</sup> The bulk of this deforestation is attributable to cattle and soy. Given both our own and others' success in driving deforestation reductions through advocacy and engagement, and, more specifically, the success of the Brazilian Soy and Cattle Moratoria, we are hopeful that if we achieve the strategic goals outlined here, it will contribute to a long-term decline in deforestation and emissions, and significant forest regrowth. Indeed, a recent study of just secondary forests in Latin America found that they have the potential to accumulate a total aboveground carbon stock of 31.09 gigatons of carbon dioxide equivalent, an amount equal to all of Latin America and the Caribbean's fossil fuel and industrial emissions from 1993 to 2014<sup>vii</sup>.

For instance, while Brazil has committed to reduce emissions by seven percent below 2012 levels by 2030, eliminate illegal deforestation in the Brazilian Amazonia by 2030, and restore and reforest 12 million hectares of land, it has also weakened a variety of conservation policies and enforcement mechanisms. Argentina has committed to limit emissions to 7% below 2010 levels, but has not enforced its laws, including those requiring funding of forest protection. Bolivia has committed to end illegal deforestation and increase the forested surface area; however, vast deforestation continues apace. Similarly, Paraguay has committed to a very modest 10% decrease in emissions from 2000 to 2030; it will need more ambitious private sector action to achieve meaningful forest conservation and emissions reduction goals. A dramatic reduction in deforestation through private sector action is clearly necessary, and for reasons outlined below, can also create favorable political

conditions under which governments can adopt improved forest protections, enabling them to meet or exceed their Nationally Determined Contributions.

***4. Theory of Change: description of main actors in the project, changes that must occur with these actors and why the project is a good instrument to cause those changes.***

Mighty Earth seeks to secure a living planet with a healthy climate, growing and diverse wildlife with plentiful natural habitat, and Indigenous communities able to exercise their fundamental rights.

It is our foundational principle that in order to achieve this vision, a comprehensive decoupling of economic growth and environmental destruction is necessary. A significant emphasis of our work is breaking the link between agriculture and environmental devastation through multi-faceted campaigns that harness market forces to drive reforms in agricultural practices on the ground.

Transforming agricultural practices which destroy the Earth's last intact forests, contribute dramatically to climate change, and trample on the rights of Indigenous peoples, children, and other vulnerable populations requires international, national and subnational policies, securely-funded and inclusive governance, and strong private sector action that transforms industries.

It is our belief that where existing political challenges render near-term success on policy challenging, private sector action is a necessary precedent for the political realignments needed to make good policy and governance politically feasible.

Models of reform focused on public policy reforms face increased challenges when governments abdicate their primary responsibilities of protecting their people and the environment. But government action is not the only way to get the job done. For the most part it is not governments that do the polluting or deforesting, but companies unbound by national borders. We have found that focused demands from consumers and investors can change not just individual companies, but entire industries - without significant engagement from government- often in ways that end up enabling government reforms. While public sector regulation in and of itself compels compliance, the mere likelihood of government action driven by a public demand often compels the private sector to advance voluntary mechanisms and commitments in order to negate the need for and thus avoid external state regulation. In this way, actions towards public and private policy reforms are mutually reinforcing, and strategic approaches must be determined within the context of both to determine which is the more appropriate lever to influence the other.

Tools/ Activities effectively utilized by Mighty Earth in its efforts include:

- Markets campaigns to create reputational and commercial incentives for companies linked to environmental harms to reform their practices, through supply chain, financial, and public pressure.
- Public advocacy and organizing directed at policymakers
- Investigations and exposure of supply chain links between commodities and environmental and human rights violations
- Policy and governance solutions development
- Engagement with trade organizations and certification bodies
- CEO engagement
- High level government relations
- Data collection and dissemination to ensure implementation and enforcement of existing policies
- Grassroots organizing
- Legal actions to drive environmental and human rights law enforcement and accountability
- Strategic Communications

Campaigns utilizing these tools are strategically developed to drive industry transformation and create political realignments. As detailed below, Mighty analyzes each area of its work, geographically, by commodity, and by industry, within the larger context of systemic change to determine which are the right tools to apply in each circumstance.

Commodity traders and processors; Multinational consumer-facing companies who manufacture goods from these commodities; and International, national, and subnational governments in both producer and consumer countries, each of whom directly impacts and influences the others are the ultimate decision makers targeted by this work. These, in turn are influenced by consumers who buy the goods, civil society to whom

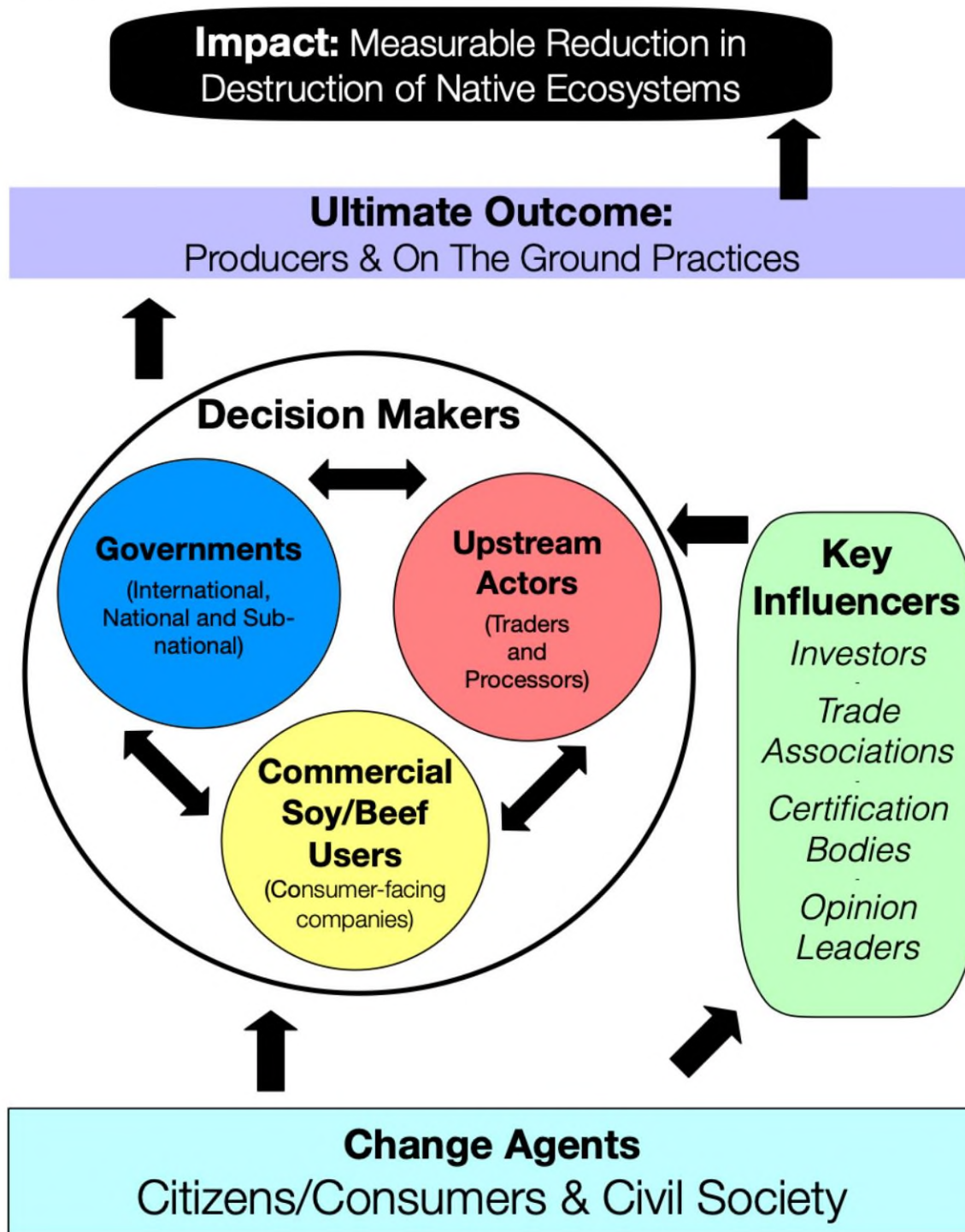
governments are accountable, and institutional investors and banks who provide financing to both the companies and primary producers. (*See Illustration 1*)

Our theory of change in this and other similar private sector initiatives is to create a perfect storm to influence the **Decision Makers** who then influence **producers** (the on-the-ground actors). As in palm oil, cocoa, US meat, and rubber, we target **Upstream Actors** (traders and processors) **Commercial Users** (consumer-facing companies), and engage **Key Influencers** (financial institutions, the media, etc.) to create maximum supply chain and financial pressure on the **Decision Makers**. We also believe that targeted interaction with and public pressure on **Governments**, particularly in consumer countries where there is an emergent interest in addressing supply chain impacts of imported goods, can add an important and persuasive element to the perfect storm.

A change in the activity of the soy and cattle producers on the ground is the **Ultimate Outcome** of the project, leading to the desired **Impact** of a measurable reduction in destruction of native ecosystems. The soy and cattle producers are, however, an indirect, rather than a direct target of our work. Deforestation on the ground by producers is only undertaken because there is a market for it, so, in effect, while producers are “agents” of deforestation, they are not technically, in our assessment, primary ‘**Decision-Makers**’ – i.e. they do not have the power to give us what we want. Our strategic approach is to eliminate deforestation on the ground not by directly targeting those doing the deforesting (the producers) but instead by eliminating the market and financing for deforestation by engaging and organizing **Change Agents** (citizens and civil society) and targeting traders, consumer companies, and investors.

While we work to create direct on the ground change through private sector action, we also seek to create a political realignment. By persuading companies that once lobbied and bribed governments to weaken environmental protection and human rights enforcement to adopt their own voluntary policies, we create an incentive for them to want their competitors to be subject to the same rules – leading them to support or at least reduce their opposition to improved environmental and social governance. This can create a window of opportunity that we hope to seize to drive governmental change as well. Conversely, the mere “threat” of regulation in areas where there is an engaged and effective civil society demand for government action compels the private sector toward voluntary commitments and initiatives in order to make that regulation unnecessary. As in other areas of our work, our focus will be primarily on private sector action, with attention to government action as a lever to move the private sector as an objective when sufficient political opportunity exists or is created.

Illustration 1





**Key Opportunity: Europe**

Europe remains a critical, high-value, and consistent export market for South American soy. Because this market is particularly sensitive to sustainability issues on the civil society and governance levels there is great potential to capitalize on existing momentum and expand market pressure consumer companies and soy traders to establish effective mechanisms and policies to stop deforestation.

Mighty Earth has generated significant media coverage about deforestation linked to meat and dairy products being sold in supermarkets and restaurants, leading to consumer outcry. This has, in turn, led to constructive engagement with Europe-based companies such as Unilever, Carrefour, Nestle, Metro AG, Aldi Nord, Aldi Süd, and Ahold Delhaize, among others.

While we've been able to generate substantial media coverage in Europe and engaged with several leading companies, we have not had the financial resources to maintain pressure and communications on a more regular basis. In addition, while a number of local groups have been helpful, other organizational priorities and scarcity of resources has limited their ability to focus on commodity-driven deforestation.

To expand beyond our previous successes and achieve lasting systemic change, we need to deepen our presence in several of the major European destinations for soy and beef, including France, UK, the Netherlands, Germany, Spain, and Denmark. (Norway is already seeing significant successful activity thanks to the efforts of our partner Rainforest Foundation Norway).

Simultaneously we will continue to work to pressure major institutional investors and banks to use their leverage to persuade consumer companies, traders, cattle processors, and producers (where publicly held) to act.

In France, we are working with a coalition of organizations to take advantage of a new French law (*le devoir de vigilance*) that requires companies to reveal their suppliers and act to address environmental and social issues within their supply chains. A nascent appetite for similar regulations exists in several other countries as well as at the EU level. Broadening the coalition of organizations engaged on these issues in countries selected for their level of civil society engagement, connections with deforestation, and government receptivity and increasing the exposure of these issues can turn that appetite into meaningful reform at both the private and public levels.<sup>2</sup>

**Key Opportunity: South America**

In addition to being a producer, South America is also a significant consumer of the soy and cattle it produces. There is enormous latent concern in many of these same South American countries about deforestation, but South American civil society has not had the resources to maintain sufficient advocacy efforts to provide the engine for solutions, particularly with regards to the private sector. We seek to change that dynamic by partnering in on-the-ground advocacy work with South American organizations in key markets, generating demand for action on soy and cattle by major South American supermarket and restaurant chains, and engaging them in a private sector-civil society alliance to advocate for improved governance.

We have already supported on the ground advocacy and street rallies the youth advocacy organization Engagement and have engaged former Bolivian Environment Minister Gina Mendez to organize influential voices in Bolivia to call for private sector action to stop deforestation. In October, she organized "El Llamado del Bosque" in which more than a hundred Bolivian subnational government officials, civil society leaders, academics, and artists called for increased protection for the country's forests. We have received very positive coverage in Bolivian media and have been pleasantly surprised by the response from the Bolivian government, which acknowledged the need to expand agriculture without sacrificing forests. We are now working with Ms. Mendez to translate "El Llamado del Bosque's" call for action into a letter to international companies to extend private sector protections for forests in Brazil to Bolivia as well.

Through Gina's work, we have built a network of more than 200 civil society organizations, Indigenous community leaders, and public officials dedicated to conservation in Bolivia. In addition, the seed funding we have provided has persuaded other major funders to consider support other activities of El Llamado del Bosque not directly related to supply chains, such as a more direct focus on creation of indigenous reserves and protected areas. We are confident that the groundwork has been laid for this work to be sustainable, and this grant will significantly help solidify and expand that groundwork.

<sup>2</sup> See our [recent analysis](#) of Germany's soy imports, for example, which has driven very helpful engagement with the leading German supermarkets.



With support from this grant, we would be able to continue and significantly enhance this effort in Bolivia, as well as significantly enhancing advocacy for private sector action in Brazil.

### **Key Opportunity: China**

China is the world's largest importer of soybeans, reporting a total volume of 60 million metric tons imported in 2014.<sup>viii</sup> This number grew by 14.4% the following year due to domestic production limitations, due to factors including the availability of arable land, pollution, and drought.

Chinese soy imports come primarily from Brazil, with 49% of the total imports, followed by the US with 35% and Argentina with 14%.<sup>ix</sup>

Recently-introduced US tariffs on Chinese goods have triggered the introduction of Chinese tariffs on American goods, including soy, which could lead to increased imports from South American countries.

Argentinian President Mauricio Macri will remove that country's tariffs on soy, drive increased Argentinian soy exports to China.

Traditionally, consumer demand for sustainability has been generated primarily through the mobilization of European and U.S. consumers, with little parallel action in Asia. However, the purchase of international commodity traders Noble and Nidera last year by China's state-owned agriculture trader China National Cereals, Oils and Foodstuffs Corporation (COFCO)'s has created massive new exposure to the international market, its attendant demands for sustainability, and opportunities for market pressure by civil society.

Following the transition of significant portions of the world's traders and global consumer brands to Zero Deforestation policies, China and other Asian markets have increasingly emerged as outlets for non-compliant suppliers.

*COFCO stands out as a potential final customer for these rogue supply chains.* With 13% of the market's oilseed crushing capacity and 9% of the market share for soybeans it is second largest crusher of oilseed (after Wilmar).<sup>x</sup> Unlike other Chinese buyers, COFCO has also invested heavily in on-the-ground infrastructure in Latin America,

Mighty Earth played the decisive role in persuading China's largest soy importer Wilmar International, to adopt its cross-commodity "No Deforestation, No Exploitation" policy. If COFCO were to adopt strong sustainability policies, they would significantly raise the bar for other Chinese companies. We will accompany this effort with engagement directly with the company, and by continuing to marshal the good offices of Wilmar CEO Kuok Khoon Hong, who has told us he willing to push COFCO's CEO to change as well.

### **Cattle**

To date, have only had resources to focus our Latin America focused efforts on reducing deforestation for soy. While we hope that the establishment of joint action in the soy industry will create a precedent for action in cattle, there is a significant need for increased advocacy to reduce deforestation for cattle, especially outside the Brazilian Amazon. Within the Brazilian Amazon, there is a need to expand the scope of the Cattle Moratorium to include all meatpackers and indirect suppliers, and to make implementation more standard and rigorous across the industry.

Although international markets play a significantly smaller role in driving clearance of native vegetation in the cattle sector than soy, they remain particularly important to the bottom lines and expansion plans of South American beef companies and remain an important source of leverage. In addition, our ability to deploy and organize private sector focused advocacy initiatives in South America can raise attention to the need for the cattle sector to act and engage a much broader portion of South American society in the effort to protect the continent's endangered landscapes.

As we ramp up the effort on cattle, we will engage with and, where warranted, launch campaigns that focus on leading South American supermarket and restaurant chains. We believe that this effort will build significantly enhanced advocacy and communications capacity within South America that can also be deployed for broader efforts to drive government policy.

### **Government and International REDD+ Finance**

While this project focuses primarily on moving the private sector, it is undertaken with a keen eye towards creating expanded opportunities for public sector action as well. We have seen in many areas of our work that persuading the private sector to act to protect forests and human rights creates an environment that enables

government action as well. When companies that previously lobbied governments to weaken protections for forests and human rights to improve their operations, they have an incentive to ensure that their competitors rise to the same standards. Effective government policy can provide this assurance. And when we present ready-made solutions to longstanding problems, governments are willing to take an easy win. While not all companies advocate enthusiastically for improved government action, their adoption of their own actions almost always lessens or removes their active opposition to stronger forest and human rights protections. Our private sector targets and areas of operations are chosen within the context of their likelihood for enabling public policy gains.

In addition, we will focus significant energy on key opportunities for international government action to support REDD+. When combined with real action by the private sector, international donor investment can provide additional incentives for producers and sub-national governments to shift supply chains to responsible production. We have already begun detailed discussions with these groups; however, there needs to be greater commitment from Cargill and Bunge before a large-scale deployment of capital occurs. There may be opportunities with more responsible traders such as Louis Dreyfus and Wilmar, subject to due diligence and project development, that could provide a positive example to other actors. This private-public initiative, if successful, could pave the way for larger government-to-government results-based finance agreements. In addition, as detailed below, there are opportunities to press governments in consumer countries to drive deforestation-free soy.

Waxman's strength in the political arena and access to key governmental figures can be leveraged with donor governments, agencies, and organizations as well as private financiers to incentivize private sector action and put forest conservation on the agenda. In the past, Waxman has, amongst other engagements with the financial sector:

- Worked with the World Bank and IFC to convene the major soy traders, as well as consumer companies and investors, for a series of meetings in South America and Washington to develop public-private partnerships to stop deforestation for soy.
- Arranged a series of bilateral meetings between key soy supply chain companies and donors including Norway, IDH, IFC, World Bank, and private funders to develop concessional finance and other options that could be used to help provide a positive incentive for deforestation-free soy development, and
- Convened some of the world's largest private institutional investors and banks to explore further funding of initiatives to incentivize conversion to NDNE practices.

These efforts have identified a significant willingness to finance sustainable production incentives as an additive and supportive measure to commitments from industry to establish systems to end the destruction of native habitats and violation of human rights. We have done similar work outside of Latin America to develop financing programs that have been used to as incentives for deforestation-free palm oil, rubber, cocoa, and other commodities. While this financing work will not be a top-tier priority project for the project, we intend to build upon the progress of our existing work to increase financing.

In France, Mighty Earth has filed the first actions under the country's new *devoir de vigilance* law, which requires large companies to disclose, and develop plans to eliminate, environmental and human rights issues in their supply chains. We have also engaged a law firm in the United States and are working with allies in Europe to develop similar measures in other jurisdictions.

We've made remarkable progress with limited funding. We believe with the additional resources proposed here, we will be able to catalyze globally significant action on soy and begin to create a real drive for action on cattle in ways that pave the way for enduring government action, results-based REDD+ finance, and long-term measurable reductions in deforestation and large-scale landscape restoration.

## 5. *Main target group/s*

### **Ultimate Outcome (Indirect Targets)**

A) Soy and Cattle producers

### **B) Decision Makers**

#### 1. **Upstream Actors**

- a. Major soy traders (e.g. ADM, Bunge, Cargill, Wilmar, Louis Dreyfus, and COFCO)
- b. Leading cattle processors and suppliers (e.g. JBS, Minerva, Marfrig, Frigorifico Rioplatense, Expoganados.)

2. **Commercial Users of Soy and Cattle:** Consumer facing companies (e.g. Walmart, McDonalds, 3G, Carrefour, Metro AG, Lidl, Ahold Delhaize, Danone, Nike, Adidas, Grupo Pao de Acucar, La Anonima, Grupo Exito, Vivanda and others)

#### 3. **Governments**

- a. Producer country national and subnational governments
- b. Consumer country governments

### **C) Key Influencers**

1. Investors
2. International donors
3. Banks
4. Trade Associations
5. Certification Bodies
6. Opinion Leaders

### **D) Change Agents**

1. Citizens / Consumers
2. Civil Society

## 6. *Expected project impact and main outcome/s*

**Project Impact:** Achieve a measurable reduction in destruction of native ecosystems, including tropical forests linked to commodity agriculture in Latin America, with a primary focus on the Brazilian Cerrado, the Bolivian Amazon Basin, and the Argentinian and Paraguayan Gran Chaco, with an additional focus on other producer nations (e.g., Peru, Colombia, and Ecuador) if and where strategically advantageous.

**Outcome 1:** Soy traders (**Upstream Actors**) a) adopt and b) implement mechanisms to dramatically reduce destruction of native ecosystems connected to soy across key soy-growing regions in Latin America.

**Outcome 2:** Cattle processors (**Upstream Actors**) in Latin America a) adopt and b) implement mechanisms to reduce the destruction of native ecosystems for cattle production with respect to human rights.

**Outcome 3:** An engaged civil society is effectively mobilized to demand:

- 3.1) Government action,
- 3.2) The enforcement of existing law, and
- 3.3) The development of fiscal policies by donor **governments**, **agencies**, and **organizations**

to advance NDNE policies in relation to the production of soy and beef in Latin America.

## 7. *How the organization is planning to achieve these outcomes: major outputs and activities.*

### **Outcome 1) Soy**

**Sub-Outcome 1.1)** Commercial soy users (**Consumer Facing Companies**); meat, dairy and other producers; and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.

**Output 1.1.1)** Public advocacy campaigns urging **Consumer Facing Companies/Commercial Users** and their supplying **Upstream Actors** in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.



**Outputs 1.1.2)** Direct engagement with **Consumer-Facing Companies/Commercial Users**, and their supplying **Upstream Actors** through one on one meetings, conversation, correspondence, and trade associations and other industry mechanisms.

**Sub-Outcome 1.2)** Institutional investors and financiers (**Key Influencers**) take measurable action calling on soy traders (**Upstream Actors**) to adopt policies to eliminate deforestation.

**Output 1.2.1)** Direct engagement with investors and financiers (**Key Influencers**) to advocate for their publication of analysis, letters and shareholder resolutions calling on soy companies to stop deforestation through meetings, conversations, correspondence, supplying materials and reports, one-on-one and/or through sectorial mechanisms.

**Activities:** CIP will lead these efforts with activities including:

- Directly engage with meat, dairy, and aquaculture companies and financiers;
- Create and implement roadmap for engagement of South American civil society, government (especially sub-national government), and the public for companies to include Bolivia, Argentina, and Paraguay in conservation policies and mechanisms;
- Build more enduring advocacy and activist presence on forest commodity issues in key consuming markets;
- Build more enduring advocacy and activist presence on Latin America commodity issues in key soy consumer and producer countries;
- Recruit citizens to engage in online and offline activism to call for companies to act on deforestation and human rights issues;
- Monitor and investigate deforestation for soy, establishing supply chain and financial links;
- Develop and refine, in consultation with experts and a range of rightsholders and stakeholders, private sector, public, and civic policies, mechanisms, and practices to reduce deforestation
- Drive media coverage of the need for companies to act on deforestation in key soy consumer and producer countries, notably Brazil, Argentina, Paraguay, Bolivia, France, Germany, Netherlands, United Kingdom, and Spain; and
- Conduct and disseminate research that connects meat, dairy, and fish companies to particular soy companies connected to deforestation.

## **Outcome 2) Cattle**

It is important to note that the cattle industry has significantly different markets than soy. Though there are opportunities to drive action on international markets for leather, tallow, and limited beef exports, the majority of the consumption of Latin American cattle products occurs domestically. A significantly higher percentage of our work on cattle therefore will need to focus on organizing civil society within Latin American countries to drive commercial **beef users** (e.g. supermarkets and restaurants) to leverage change with processors and suppliers. As our work shifts to cattle, we will therefore dedicate a higher portion of our resources to organizing, advocacy and communications in Latin American countries.

**Sub-Outcome 2.1)** The expansion of a) the geographic scope of and b) the number of actors (**Decision Makers**, **Key Influencers**) party to the Cattle Moratorium in Latin America.

**Output 2.1.1)** Internal document on public opinion and values-based communication strategies for key countries/regions to guide campaign messaging..<sup>3</sup>

**Output 2.1.2)** Investigative reports tying **Commercial Beef Users** in Latin America and internationally to deforestation, land-grabbing, and attacks on Indigenous land defenders, as well as the broader climate impacts of cattle.

**Sub-Outcome 2.2)** **Consumer-facing** commercial beef/leather/tallow end-users and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for cattle.

**Output 2.2.1)** Public advocacy campaigns urging **Consumer Facing Companies/Commercial Users** and their supplying **Upstream Actors** in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for beef and other cattle products.

<sup>3</sup> Because this was identified as a need across so many of the Norad funded projects at the recent seminar this may be conducted as a part of a broader effort to provide value on a programmatic level.



**Activities)** CIP will lead these efforts with activities including:

- Research and build a roadmap for citizen engagement in target Latin American countries
- Research and build a roadmap for expanding the Brazilian Amazon Zero Deforestation Cattle Agreement to new meatpackers, ranchers, and biomes across South America.
- Build coalitions of civil society organizations, stakeholders, and rightsholders working to stop deforestation for cattle.
- Drive media coverage of the need for companies and governments to act on deforestation in key cattle producing countries.
- Build more enduring advocacy and activist presence in key producing countries.
- Recruit citizens of South American countries to engage in online and offline advocacy and activism.
- Monitor and investigate deforestation for cattle, establishing supply chain and financial links
- Develop and refine, in consultation with experts and a range of rightsholders and stakeholders, private sector, public, and civic policies, mechanisms, and practices to reduce deforestation
- Analyze cattle supply chains to identify South American and international supermarkets, restaurant chains, leather brands and tallow user, investors, and banks that have leverage to stop deforestation.
- Use this research to develop private sector campaigns primarily in South America, but also internationally to persuade supply chain and financial actors to stop deforestation.
- Publish investigative reports tying brands in South America and internationally to deforestation, land-grabbing, and attacks on indigenous land defenders, as well as broader climate impacts of cattle.
- Engage private sector companies.
- Launch grassroots, media, and online campaigns in South America and internationally to urge cattle companies to act.

### **Outcome 3) Public Policy**

While we work to create direct on-the-ground change through private sector action, we also seek to create political realignments in the public sector. By persuading companies that once lobbied and bribed governments to weaken environmental protection and human rights enforcement to instead adopt their own voluntary No Deforestation, No Exploitation policies, we create an incentive for them to want their competitors to be subject to the same rules. This leads them to support, or at least reduce their opposition to, improved environmental and social governance. We intend to seize this window of opportunity to drive governmental legislation and regulation. Conversely, the mere “threat” of regulation in areas where civil society is effectively mobilized to demand government action compels the private sector toward voluntary commitments and initiatives in order to make that regulation unnecessary. As in other areas of our work, our focus will be primarily on private sector action, although we will strategically employ public policy as a lever to move the private sector. Strategic decisions on targeting, messaging, and coalition building for our other objectives are formulated using their ability to drive political change as a criterion, and our attention shifts as necessary to government action as political opportunity is created.

The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, “Theory of Change,” campaigns utilizing these tools are strategically developed in to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.

#### **Sub-Outcome 3.1**

An engaged civil society effectively mobilized to demand government action on conservation and human rights related to soy and/or cattle production.

##### **Output 3.1.1**

The development and implementation of public advocacy campaigns urging **governments** in key consumer and producer countries to adopt and implement No Deforestation, No Exploitation policies consistent with FPIC for soy and/or beef.



**Sub-Outcome 3.2**

Large companies in France report on and act to mitigate and/or eliminate deforestation and human rights abuses in their supply chains in compliance with “devoir de vigilance.”

**Output 3.2.1**

Engaged both upstream actors and consumer facing companies in legal correspondence, and implemented public pressure to compel compliance with the recently enacted *devoir de vigilance*

**Sub-Outcome 3.3**

Donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private finance

**Output 3.3.1**

Education and collaboration with donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private financial sources, to develop model policies and actions to further incentivize private sector action on soy and cattle.

**Activities)** CIP will lead and support these efforts with activities including:

- Public advocacy directed at policymakers
- Grassroots organizing
- Public education and training
- Legal actions to drive environmental and human rights law enforcement and accountability
- Strategic Communications
- Public demonstrations
- Earned and paid media
- Citizen recruitment
- Citizen meetings
- Investigations and reports
- Online engagement
- Petitions
- Letter writing
- Coalition building

**8. *Main (local) partners (partners name, country, type of organization, sub grant) and their role in the project. Describe why these partners were selected and the organization's experience collaborating with the partners - when relevant***

CIP will carefully seek out partners for this project whose teams have exceptionally strong records of achieving remarkable results in reducing deforestation and protecting land rights, and also bring specific necessary skills to this project in campaigning, investigation, legal strategies, communications, high-level negotiations, government policy, and regional expertise.

We are fortunate to have worked extensively with our primary partner, Waxman Strategies, which makes important contributions to our Mighty Earth program's efforts to drive private sector and government action to protect forests and land rights in Latin America, particularly in the areas of communications, online engagement, strategy, and high-level advocacy. The project budget percentage allocated to sub-grantees is 9 percent; in addition, 20 percent goes to contractors.

Structuring in-country partner funding through contracts, as opposed to grants, can provide necessary flexibility for the rapid deployment of resources and more careful scrutiny of expenditures by partners. Because most of our staff is in the United States, we rely heavily on contractors and local partners to advance our work in Europe, China, and South America, the core producing and consuming regions for beef and soy. Our local partners are critical to our success, which is why nearly one third of our budget is allocated to partners and sub-grantees. The remaining roughly two-thirds of the project budget is retained for the United

States, because the primary leverage we bring to influence what happens in these countries is through international activity that dramatically opens up opportunities for local groups. Our work in the palm oil and other sectors has clearly demonstrated that what occurs in regions of production is heavily influenced by the actions of companies headquartered in the United States and Europe, through their adoption and implementation of sustainability policies, which then drive contract negotiations and other commercial levers for change in production practices by suppliers.

We coordinate closely and continuously with a range of NGO partners, philanthropies, NICFI, and governments that are also focused on these issues to prevent duplication. In addition, in the advocacy area, the more pressure that is brought to bear on the same targets from multiple sources, the greater the likelihood of success.

We work particularly closely with National Wildlife Federation, Rainforest Foundation Norway, the University of Wisconsin, and several other local organizations through Waxman's existing grant with NICFI and will continue to develop partnerships and synergies with other NICFI funded projects and organizations including IPAM, Amigos da Terra, Earth Innovation Institute Earth Worm, Climate Policy Initiative.

In addition to these, potential partners include but are not limited to:

### **Guyra – Paraguay**

Founded in 1997 by a group of individuals concerned about destruction of Paraguay's habitats; they resolved to create an organisation with the aim of preserving bird species in Paraguay. They chose to focus on birds as important indicators of overall biodiversity. The organisation's overall aim is to protect areas throughout Paraguay, safeguarding varied habitats and species across the country from deforestation due to cattle grazing, soy plantations, or other factors. Guyra Paraguay's work with local communities is very important to the organisation, as it is committed to creating a sustainable future for both wildlife and local people. Guyra monitors deforestation<sup>4</sup> in the entire Gran Chaco biome (including in Argentina and Bolivia, in addition to Paraguay)

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<sup>4</sup> The methodology used for such monitoring consists, in the identification of areas of change, which is carried out through techniques of visual interpretation. These consist of the identification of elements such as tone, shape, size, texture, pattern, shadow and association, and are used in conjunction with an analysis multitemporal that involves the study of the same element of land use, in different periods of time.

The identification of areas of coverage changes (land use) is made monthly, comparing two satellite images, a baseline image provided by Landsat 8 OLI satellite without cloud cover from 2014 and 2015, and a current corresponding to the month under study, using Landsat 7 ETM + sensor products and Landsat 8 OLI, these satellite images are available in usage database public and accessible via INTERNET.

The result, product of the process described above consists of the series of polygons that they represent surfaces whose coverage underwent changes, either original coverage of forests or wooded lands (shrubs and forest fallow systems) excluding those changes in natural fields (grasslands).

Changes can be detected in areas whose areas have been the product of regeneration; that is to say, that at some point they were destined to agricultural uses, but that when they were abandoned for an important period there was a natural regeneration in them.

When mentioning this, it is important to clarify again that the historical images used for this analysis correspond to the years 2014 - 2015, and that any process of regeneration of forest cover or forest land that occurred before this period and that return to Submitting changes will be recorded as deforestation of the month under study. So too, if by conditions of poor image quality and / or excessive cloud cover, no changes are detected or do not register for not being clearly identifiable, these will be registered once these factors change and, will be reported and assigned to the statistics of the month of report, despite that could correspond to earlier dates.

Monthly Monitoring of Change of Use and Coverage of Land, Fire and Variation of the Water Cover in the Great American Chaco.

With the results obtained, the deforested areas are determined by country, provinces, departments and municipalities. This work includes a section that describes Featured cases of the month.

A Google Earth ".kmz" file is attached to the report for a query more detailed geographical. By accessing the Google Earth .kmz file and clicking on a deforestation polygons, details of provincial, departmental location and municipal to which each polygon corresponds, with the corresponding area of deforestation in hectares. The Google Earth platform can be obtained for free at: [earth.google.es](http://earth.google.es)

It is the only source of regular, detailed information on deforestation in this biome. Because of this, Guyra is uniquely positioned to work on issues in the biome as a whole. We started our dialogue with the spring of 2016 when they participated in a meeting, we organized in Bogota with the World Bank on stopping deforestation in the soy supply chain across Latin American. They also helped our investigators while conducting field visits in Paraguay in the fall of 2017. We would partner with Guyra to work on mobilizing political support in Paraguay and to provide information about the state of the Gran Chaco as a whole.

#### **Vida Silvestre – Argentina**

Founded in 1977 with the aim of contributing to the conservation of nature in our country, Vida Silvestre's mission is to propose and implement solutions to conserve nature, promote the sustainable use of natural resources and responsible human behavior in a context of climate change. We started our dialogue with Vida Silvestre in mid-2017. They have extensive knowledge about the soy sector in Argentina and the dynamics of deforestation caused by agricultural expansion. They provided us with useful information that helped guide our field investigation in the fall of 2017 in Argentina. They also provided information about the media landscape in Argentina that helped with our media strategy for our campaign launch. We would partner with Vida Silverstre to help develop technical solutions for how to implement a joint industry mechanism in the soy sector to stop deforestation and help with mobilizing civil society.

#### **Federación por la Autodeterminación de los Pueblos Indígenas (FAPI)–Paraguay**

We started a dialogue with FAPI in mid-2107 to reach new Indigenous constituencies in Paraguay. FAPI provided information about deforestation and impacts on indigenous communities, and accompanied our field investigators to Indigenous communities and other sites of deforestation and social harm caused by the soy industry. They also provided information to a number of journalist reporting on deforestation in Paraguay. We were introduced to FAPI though Rainforest Foundation Norway, that has worked with them over a number of years. We would partner with FAPI to work on social mobilization and building political pressure.

#### **Ecostorm**

Over the past two years, Ecostorms investigations have been the basis of our public reports linking specific commodity actors to deforestation and human rights abuses in the soy and beef sectors in South America, Ecostorm is one of the few undercover investigation outfits open to traveling to the remote and sometimes dangerous frontier regions of deforestation. They are skilled journalist and photographers, providing essential high-quality footage our work. Ecostorm would contracted to undertake specific investigations into soy driven deforestation.

#### **Seattle Avocat—France**

Seattle Avocat is a close partner in Mighty Earth's legal efforts to ensure that companies comply with French laws requiring transparency and action on environmental and social supply chain risks and has also worked with Mighty Earth and Waxman to convene a coalition of French civil society organizations to advocate for stronger policy action on deforestation. More broadly, the organization uses legal and policy advocacy to support creation and sustainable management of terrestrial and marine protected areas such as Agoa Sanctuary in the Antilles, and the protection of the Marquesas of French Polynesia, conservation of endangered species. The firm also works to stop environmental crime, promote renewable energy, and improve urban environments. **Sébastien Mabile** is Seattle Avocat's lead attorney. He has a Doctorate in Public Law with a specialization in environmental law and has been a member of the Paris Bar since 2008. He focuses on environmental law issues, a subject which he teaches at the School of International Affairs of Sciences Po Paris (PSIA) and the University of Aix-Marseille (in the master's program for International and European Environmental Law). He is Chairman of the Commission on Environmental Law and Policies of the French Committee of IUCN (International Union for the Conservation of Nature), an expert of the IUCN World Commission on Environmental Law, a member of the Environment Commission of the Club of Jurists, a member of the Council of Orientation, Research and Prospective of the Federation of Regional Natural Parks, an administrator of the association "Planète Mer" for the preservation of marine life and human activities which depend on it. We are working with Seattle Avocats to develop the first lawsuit under the French law on the duty of vigilance. We are hiring them as consultants.

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(Google translation of methodology section from Guyra)

**Robin Wood-Germany**

Robin Wood will continue to help us advance calls for private sector and government action in Germany, particularly as we expand our advocacy in E.U. consumer countries. We started the dialogue with Robin Wood November 2017, and jointly surveyed 42 major soy using companies in Germany and published the findings in March 2018. We are currently working on releasing a joint report on one of the biggest meat companies in Germany and are planning an event with their volunteers around the lunch of this report. We would partner with Robin Wood to do actions with their volunteers to increase the pressure on meat companies and other major soy using companies in Germany.

**France Nature Environnement (FNE)—France**

The French federation of associations for the protection of nature and the environment is the spokesperson of a movement of 3500 associations, throughout France and overseas. We have been working with FNE to release our recent exposé of the European meat industry's connection to deforestation, and FNE is interested in dramatically increasing its outreach on this issue in France. In 2018 we worked with FNE to survey the major soy using companies in France and to contribute to a report based on the findings.

**Sherpa—France**

Set up in 2001 to protect and defend victims of economic crimes, Sherpa gathers legal experts and lawyers from diverse backgrounds and works closely with many civil society organizations around the world. The association uses a variety of legal tools, from negotiation to soft law instruments (such as the OECD Guidelines for multinational enterprises) and legal proceedings. As a think tank, Sherpa develops new legal tools and conducts advocacy campaigns with economic actors and public authorities to promote better regulation of commercial activities and transnational financial flows. Because it believes that transmitting knowledge promotes development, Sherpa organizes awareness workshops with civil society organizations to awaken them to the challenges related to economic crime and to give them tools to combat it. Sherpa will work with us on local actions as well as EU-level actions related to imports of deforestation-risk commodities. We worked with Sherpa in 2018 to conduct a survey of the major soy using companies in France together with FNE and to write and disseminate a report based on the findings of the survey. Sherpa is also providing input to the legal strategy we are undertaking with Seattle Avocats, as they are one of the main experts on the French Law on the Duty of Vigilance.

**Careco—Germany**

A German environmental research and campaign firm, Careco works for organizations and initiatives active in the areas of sustainable development, human rights, environmental protection, and animal rights. Careco works in coalition or coordination with a number of organizations who are separately funded by NICFI, notably close ally Rainforest Foundation Norway, which has led or coordinated deployment of finance and consumer campaigns in Scandinavia and has an extensive network of Indigenous groups around the world that have boosted this work. We hired Careco as consultants in spring of 2018 to conduct research on possible supply chain links to German companies based on our finding in our field investigation in Argentina and Paraguay. We may continue to hire them as consultants for future research.

**Rare Conservation and the Center for Behavior & the Environment**

For more than 40 years, Rare has launched over 450 behavior change campaigns (known as “Pride”) in more than 50 countries, inspiring local communities to adopt more sustainable fishing habits, end deforestation, preserve habitat, and save species. Pride increases and accelerates the adoption of conservation solutions—and the change lasts. Translating science into practice and leveraging the best behavioral insights and design thinking, Rare's people-centered, participatory approach to conservation empowers local leaders and elevates the role of fishers, farmers, and other people who depend on nature in local decision-making and governance. This community-led approach is buoyed by partnerships with officials at all levels of government—from mayors to ministers—and with public and private institutions, universities and other organizations capable of removing barriers and paving the way for enduring solutions. We have been in discussions with Rare to explore opportunities to build positive cultural resonance of our campaign in Latin America.

**Rede Cerrado**

Rede Cerrado is an extensive network of traditional peoples and communities across the Cerrado region established for the conservation of the biome and the defense of its traditional peoples and communities, in the

promotion of social justice and environmental sustainability. Rede Cerrado represents Indigenous peoples, Quilombola Rural Black Communities, babaçu coconut breakers, traditional pastoral communities and fishermen, geraizeiros, rubber tapper and other extractivists, veredeiros, caatingueiros, flower gatherers and family farmers. The network consists of more than 50 associated civil society entities. Indirectly, it brings together more than 300 organizations that identify with the socio-environmental cause of the Cerrado. Rede Cerrado has expressed interest in working together with us to provide a platform for their voices in consumer countries.

**9. *Description of how the project will contribute to strengthening civil society.***

Mighty Earth and Waxman are at the cutting edge of developing and deploying markets campaigns, as well as leveraging those campaigns to build opportunities for high-level government engagement to drive improvements in policy and law. We have repeatedly found that our international campaigns and the access they create to private sector and high-level government officials puts us in a position of being able to ensure that these players engage meaningfully with civil society actors in their own countries. And, despite resistance from elites, when the conversations happen, they often result in ways to work together to advance forest conservation and human rights protection. Our work in palm oil and other commodities has demonstrated that the adoption of stronger private sector policies spurs government attention to human rights abuses, and vice versa. Drawing private sector attention to the establishment of protocols for risk assessment, proper application of FPIC, and addressing social and labor grievances in their supply chain has led to strengthened protections for human rights defenders and stronger community and Indigenous rights.

Part of our work to broaden the coalition of organizations, governments (including sub-national), and thought leaders engaged on forest and human rights protection is through new consumer campaigns targeting private sector commodity traders and producers. These campaigns engage existing environmental and social organizations in commodity-related issues, sometimes bringing new groups to work together across environmental and social issues for the first time. We also convene multi-sectoral meetings, with representatives from these groups, who are able to meet directly with private sector decision-makers and government officials, in strategy sessions aimed at finding public-private solutions to the negative impacts of large-scale commodity production.

This project will expose in-country civil society to cutting-edge approaches and give them an opportunity to participate, and to tap into international networks working to develop global market pressure. Similarly, our international work benefits enormously from local groups observations and insights about the forces and actors driving deforestation and approaches to address them.

**Project Organization**

**10. *Description of project set-up and capacity to carry out the project.***

The program staff will be on the Mighty Earth team. CIP will also oversee the project's subgrants, for instance to partner organizations. CIP's central team will provide administrative support. However, the Waxman team has additional staff, primarily focused on communications, that are not part of Mighty Earth/CIP. Because of Waxman's range of clients, the Waxman's communications team is larger, more diverse, and more senior than Mighty Earth would be able to support alone and has a very wide range of contacts and resources.

The success of this project relies heavily on effective communications (both media and online) and high-level engagement with companies and governments, two areas where Waxman has particular strength. Waxman's communications work in support of Mighty Earth has been critical to our success. Waxman's outreach has secured coordinated coverage of forest issues in media outlets including BBC, CNN, NPR, The Guardian, The New York Times, Der Spiegel, Redacción (Argentina), Le Monde, RFI, Singapore Straits Times, Kompas (Indonesia), O Globo (Brazil), La Razón (Bolivia), The Financial Times, Handelsblatt, Corriere della Sera (Italy), El País, as well all as a range of publications across Africa, Europe, and Asia.

This coverage has resulted in tens of millions of impressions, coverage in more than 700 publications globally, and more than 3 million social shares. This coverage has been essential in putting commodity related deforestation on the agendas of the world's leading companies, helping create actions like the palm oil industry's adoption of a two week deadline for stopping supplier deforestation, the Cocoa and Forest Initiative. Olam's agreement to stop deforestation in Gabon and adopt a global policy, Tyson Foods' commitment to improve agricultural practices across two million acres, and Louis Dreyfus' No Deforestation soy policy. In



short, Waxman has arguably become the world's leading communications firm driving international coverage of environmental issues, and the project will benefit significantly from their participation.

Many aspects of this project are already running, particularly on soy; the additional resources proposed here will allow for a significant boost in capacity that will significantly increase the likelihood of delivering results. However, both CIP and Waxman envision adding staff to build this capacity and will follow our normal recruitment and onboarding procedures. There are three areas that will require significant ramp up. First, we are only conducting limited activity on cattle right now. The project budget is structured to increase activity on cattle over the duration of the project. This will allow for more granular strategic and supply chain research to enable development of a clear plan for achieving the goals outlined here, and the development of an expanded network in key countries. Second, we will need to formalize and expand the scope of existing relationships in Latin America to build national capacity, in part through sub-grants, contracts, and joint strategy sessions. This work will be critical to building both private sector supply chain support and government action, and building private sector capacity. Finally, we need to increase staffing and partner capacity in consumer markets, specifically Europe and China. While we have some personnel and partners in mind, in some countries we need to conduct further due diligence under this grant.

### 6.1.0 Overall management

CIP is the Lead Applicant, and if the application is successful, would receive the grant from NICFI or NORAD in full and then sub-grant to Waxman as well as the organizations identified below as sub-grantees. CIP will manage the formal relationships with all sub-grantees. CIP will take overall responsibility for management of the grant.

The project leader at CIP will lead the execution of the project and will be empowered to make decisions within context of the proposal's results framework and budget (see attached). The project leader will work with staff responsible for grant implementation to ensure effective financial management of grant partners and sub-grantees. Our staff work closely with partners as they developed their budgets, to ensure that the necessary spending needed to accomplish the project's goals is reflected. In order to ensure that adjustments are addressed promptly, the team will conduct regular meetings/communications with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this. Major strategic decisions or significant revisions to the project plan and results framework will be undertaken only with approval of CIP's Mighty Earth program CEO in consultation with project partners and Norad.

### 11. *Description of relevant thematic and geographical experience.*

CIP's [Mighty Earth](#) program works to protect the environment, with a focus on conserving threatened landscapes like tropical rainforests, making agriculture sustainable, and solving climate change.

Since its inception, Mighty has quickly grown to be a far-reaching and impactful global investigative and campaign organization. In just two years, we have launched major investigations around the world that have exposed leading global companies' links to deforestation, pollution, and exploitation of communities across several agricultural commodities. We have released seven reports highlighting deforestation and have engaged hundreds of major brands and producers on their practices. Recent victories include persuading the Korean-Indonesian conglomerate Korindo to cease deforestation in its palm operations following the widely-read report [Burning Paradise](#) and a series of press conferences, lectures, and street actions in both Indonesia and South Korea. Mighty's report and investigation about the operations of the "world's largest farmer" [Olam International](#) led to Olam applying strong forest conservation standards to third party palm oil suppliers in Asia, and suspending deforestation in Gabon for palm oil and rubber, and leading to increased openness for conservation agreements like CAFI. Mighty's work to uncover deforestation driven by the chocolate industry contributed to a commitment to end deforestation for cocoa in West Africa that was signed by 22 leading companies in the industry, as well as helped to shape and improve new "No Deforestation" government policies in the two major cocoa-producing nations of Ghana and Cote d'Ivoire. We have recently helped negotiate new No Deforestation, No Exploitation policies in the rubber industry, and are working across commodities to build on private sector change to protect ecosystems and forests in government.

**Salih Booker** is the Executive Director of the Center for International Policy. He has more than thirty years of experience in international affairs and U.S. foreign policy, including leadership of diverse international staff at several international research and advocacy organizations where he was responsible for fundraising and financial management, institutional relationships with international organizations, governments, and donors, as well



research, writing, advocacy and communications on current issues in Africa, Europe, Asia, Latin America and the United States.

From 2015-2017, he was the Vice President for External Relations at the U.S. Institute of Peace. Previously, he was a special advisor to the executive secretary of the United Nations Economic Commission on Africa. Earlier, Salih directed two international human rights organizations – the Geneva-based Centre on Housing Rights and Evictions and the Washington-based Global Rights and was the founding Director of Africa Action. He was previously a Senior Fellow at the Council on Foreign Relations and served as a Ford Foundation program officer in Eastern and Southern Africa. Salih was also an Associate Director of Catholic Relief Services in Southern Africa. Earlier he served on two occasions as a Professional Staff member for the U.S. Congress House of Representatives' Committee on Foreign Affairs, and prior to that he was a Legislative Assistant for TransAfrica. Salih was educated at the London School of Economics and Political Science, the University of Ghana and Wesleyan University.

**Mathew Jacobson** is Forests Program Senior Director at Mighty Earth. Mathew has worked in senior positions with campaign organizations like the Pew Charitable Trusts, [MoveOn.org](http://MoveOn.org), and Greenpeace in Canada and the United States for nearly 20 years.

Among his many accomplishments, Mathew was instrumental in securing the protection of America's last intact roadless areas under the Clinton administration, helped secure commitments to protect hundreds of millions of acres in the Boreal Forests of Canada, and was instrumental in the integration of Indigenous perspectives on nature into World Heritage policies and guidelines.

Mathew has also worked with Preserve Appalachian Wilderness, Green Mountain Forest Watch, the Southern Appalachian Biodiversity Project, the Wilderness Society, and, most recently as Senior Insights Consultant / Oracle at McAllister Opinion Research

**Lucia von Reusner** will lead implementation for elements of this project that involve outreach to the financial sector. Lucia is a Campaign Director at Mighty Earth, experienced in leading national and international shareholder campaigns to protect forests and advance sustainable agricultural practices; she has also worked closely with companies to develop their sustainability strategies across a variety of sectors. Lucia previously led the Shareholder Advocacy program at Green Century Capital Management, the nation's first fossil fuel free mutual fund that actively engages the publicly traded companies it invests in to improve their performance on key sustainability issues such as energy, agriculture, and political spending. In this role, Lucia recruited, trained, and led a global coalition of investors representing trillions of dollars to successfully advance no-deforestation sourcing commitments among several of the world's largest food and agricultural sector, as well as strengthen industry certification standards for palm oil. She worked for a year in Latin America with social entrepreneurs in Peru and Guatemala to develop their social impact and business expansion strategies. Lucia holds a B.S. in Natural Resources Management from Cornell University's College of Agriculture and Life Sciences and is a U.S. Fulbright Research grantee.

**Gina Mendez** coordinates Mighty Earth's outreach in Bolivia. She is a former Minister of Justice of Bolivia and the first female Mayor of Santa Cruz de la Sierra, and is conducting grassroots organizing and elite outreach in Bolivia to support forest conservation and land rights on behalf of Mighty Earth. She is an environmental leader, activist and law professor. With more than 17 years of experience in public sector, Gina has been involved in shaping policies in Bolivia around a variety of issues ranging from environmental policies to human rights and urban development. She has been an elected member of the National Congress as well as the Municipal Government of Santa Cruz. When serving as the Mayor of Santa Cruz she was recognized Eco-Mayor due to her policies promoting environmental protection. More recently she was the legal adviser to the President of the General Assembly of Santa Cruz. She has also held positions at several Bolivian universities, teaching Environmental Law and Human Rights. In addition to her experience in Bolivian public policy she has worked for international development organizations such as the UNDP and USAid. Gina holds a Master of Laws in International Legal Studies from American University Washington College of Law and J.D. from Universidad Mayor de San Andrés, La Paz, Bolivia.

**Waxman Strategies** is a mission driven consulting firm (S Corporation) with headquarters in Washington, D.C. and team members throughout the U.S., Europe, and Asia. It was founded in 2013, and has grown rapidly to include a team of 25 people.

Built on the legacy of Henry Waxman's storied Congressional career, Waxman Strategies is committed to delivering progressive change. By harnessing advocacy, investigation, communications and campaigns, the Waxman team has protected forests, improved access to health care and helped democratize access to

technology. Waxman advises philanthropies, governments and non-profit organizations on their strategies, and their team has worked with the the David and Lucile Packard Foundation, the Climate Works Foundation, the World Bank, National Wildlife Federation, Rainforest Foundation Norway, the Arcus Foundation and many others to develop new approaches on major environmental issues.

The Waxman staff is experienced in managing grants from governments and philanthropic foundations, including several on behalf of NGO coalitions. This includes preparing project plans, budgets and proposals at the application stage and closely monitoring and overseeing the performance of grant-funded activities once grants are awarded. Our oversight is ensured by senior staff with more than ten years of experience.

Waxman Strategies conducts close reviews of all agreements, contracts and award documents, performed by a team that includes program, finance, operations, legal and philanthropy expertise. The key personnel responsible for implementing the proposed project are:

**Glenn Hurowitz** is Managing Director and will oversee this project. He is a recognized global leader in the work to break the link between agriculture and deforestation. He has advised the David and Lucile Packard Foundation, the World Bank Biocarbon Fund, the Climate Works Foundation, National Wildlife Federation, Rainforest Foundation Norway, the Arcus Foundation, and many others on strategies for reducing deforestation and agricultural emissions. As the CEO of Mighty Earth, he directs campaigns that have succeeded in persuading some of the world's largest food and agriculture companies to stop longstanding deforestation and shift to more sustainable economic models. Glenn earned a B.A. from Yale University and is a Green Corps graduate.

**Etelles Higonnet** will provide counsel to the project. She is Senior Director of policy Waxman Strategies, where she has led efforts in France to drive private sector compliance with its new *devoir de vigilance* law that requires large companies to reveal environmental and human rights issues in their supply chains, and their efforts to address them. She also leads our work to transform the cocoa sector to eliminate deforestation and human rights abuse. As such, she has assembled a team of lawyers, advocates, and civil society organizations to file the first-ever letters and other legal filings under this law. She also has organized a team in France to engage directly with top advisors in President Macron's administration to encourage government actions to prevent commodity-linked deforestation and human rights abuse. She has served as an environmental and human rights researcher for various organizations, including Greenpeace, UNICEF, Open Society, the Iran Human Rights Documentation Center and the Special Court for Sierra Leone. Etelle earned a BA from Yale University and a JD from Yale Law School. She is the Co-chair of the International Environmental Law Interest Group of the American Society of International Law.

**Alex Armstrong** is a Senior Director of Communications. Alex comes to Waxman from Oceana, the world's largest international ocean conservation organization, where he managed international communications efforts, reputational and events media, and executive communications. He previously worked at SKDKnickerbocker, a public affairs firm in Washington, D.C., where he engaged in strategic campaigns for corporate, nonprofit, and advocacy clients.

With a background in state and local politics, Alex has held communications and strategy roles for numerous political campaigns in Connecticut. In 2011, he served as Communications Director to the successful mayoral campaign of Ben Blake, his local alderman. Alex has also worked as a digital advocacy and fundraising consultant to national nonprofits at M+R Strategic Services.

Originally from Milford, Connecticut, he currently lives in D.C. with his wife and daughter. Alex graduated from Georgetown University in 2009 with a bachelor's degree in government and history and has a master's degree in political science from Yale University.

**Sarah Brickman** is a Senior Associate for the Environment Practice. She performs research to inform environmental campaign strategy and communications, and much of her work focuses on deforestation monitoring across multiple supply chains. Sarah also supports grant management and new business development across the Environment Practice.

Before joining Waxman, Sarah was a Strategic Initiatives Intern at the Alliance to Save Energy, where she primarily supported the 50x50 Commission on U.S. Transportation Sector Efficiency. Sarah also served as a Research Assistant at Stanford University for the project "Companies' contribution to sustainability through global supply chains," which was published in PNAS and greatly increased her interest in private sector approaches to environmental change. Sarah graduated from Stanford in 2017 with a B.S. in Earth Systems.

**Sierra Dakin Kuiper** is a Senior Associate for the Environment Practice. She plays a leadership role on development and grant-writing and supports the work of the forest program.

Sierra holds an MA in Socio-Cultural Anthropology from Brandeis University. Her master's research explored social dimensions of land management practices related to large landscape conservation initiatives in North America using ethnographic methods. Sierra also earned a BA with Great Distinction from the University of Lethbridge in Alberta, Canada and a Certificate in Mountain Adventure Skills Training from the College of the Rockies in British Columbia, Canada.

Prior to Waxman, Sierra worked as a Park Ranger in the Waterton-Glacier International Peace Park, generating impactful messaging and inspiring thousands of visitors to connect with the area's rich cultural and natural resources on ranger-led programs.

**Liviya James** is a Senior Associate at Waxman Strategies. In this role, she conducts in-depth research on agricultural commodities to support the efforts of our environment practice. She also assists with the development and dissemination of media materials. Liviya graduated from the University of California, Los Angeles where she majored in Political Science and minored in Environmental Studies.

*Description of applicant's relevant systems, routines, and policies (for instance related to selection and follow-up of partners, internal financial control and financial control of partners, planning monitoring and evaluation systems, risk management system, procurements, and anti-corruption).*

### **1.2.1 Applicant's systems for quality assurance**

CIP's grant management procedures include quarterly reviews of programmatic tasks against grant agreements and timelines, as well as a comparison of project tasks and results against budget projections and spending. During these reviews, our staff, using the results framework, will evaluate our performance to date, the project timeline, outputs and activities, as well as the budget and associated agreement documents and check these against actual spending and project results. This ensures that any problems or challenges are identified promptly and addressed. These assessments are conducted internally throughout the grant period.

CIP staff work closely with partners as they develop their budgets to ensure that the necessary spending needed to accomplish the project's goals is reflected. To ensure that adjustments are addressed promptly, the team will conduct regular meetings and phone calls with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this.

The project leader at CIP will lead the execution of the project and will be empowered to make decisions within the context of the proposal's results framework and budget (see attached). The project leader will work with staff responsible for grant implementation to ensure effective financial management of grant partners and sub-grantees. Our staff work closely with partners as they develop their budgets, to ensure that the necessary spending needed to accomplish the project's goals is reflected. In order to ensure that adjustments are addressed promptly, the team will conduct regular meetings/communications with the respective financial managers of grant partners and sub-grantees to verify that their spending is on track with deliverables in the results framework and their budgets reflects this. Major strategic decisions or significant revisions to the project plan and results framework will be undertaken only with approval of CIP's Mighty Earth program CEO, in consultation with project partners and Norad. As discussed, we will meet with Norad on a quarterly basis. These systematic updates by phone and in-person will guarantee that strategic decisions are made with the input of all relevant stakeholders.

### **1.2.2 Applicant's results management and systems for monitoring, assessment, reporting and evaluation**

As described above, by keeping meticulous records and regularly comparing programmatic tasks and performance against grant agreements and calendars, CIP ensures that all projects undertaken are properly evaluated and checked against the results framework. Working to stay on-time, on-budget and on-point, we review our work systematically throughout an agreement, evaluating it against commitments made and we expect our grant partners and sub-grantees to do the same. To ensure that that takes place we create Memorandums of Understanding where we clearly outline expectations, as well as institute audit and due diligence processes. In addition to that, frequent communications and meetings with partners ensure we are on task and effective in our evaluations.

In CIP's data collection, analysis, and reporting, measures will be taken to consider indicators related to community strengthening and smallholder livelihoods. Annual and final reports to Norad will also reflect a deeper examination of disparate effects on different sexes because of program implementation.

Our grant management procedures include regular reviews of programmatic tasks against grant agreements and timelines, as well as a comparison of project tasks and results against budget projections and spending. During quarterly reviews, our staff will evaluate our performance to date, the project timeline, targets, indicators, outputs, and activities, as well as the budget and associated agreement documents, and check these against actual spending and project results. To understand progress against baselines, we will use the best available resources and check against scientific literature and new analyses including academic, NGO, and government reports, as described in the results framework. These assessments are conducted internally throughout the grant period. Annual and quarterly meetings will be arranged with partners to discuss progress on the project, including relevance to the results framework. We are also happy to convene regular in-person and phone meetings with Norad to update on this progress. In instances where any adjustments to work plans are identified, CIP will consult Norad. Financial expenditures will follow safeguards discussed below (see section 1.2.3 and 1.2.4) and these requirements will be passed on to partners and regularly monitored.

CIP will develop written reports for Norad in collaboration with our partners and according to Norad's reporting schedules. These reports will cover results, spending and activities consistent with the attached results framework and budget. We commit to report according to Norad's reporting guidelines and in the requested frequency: yearly progress reports and one final report covering the full period of the grant. For the final report covering the full period of the grant we will hire a monitoring and evaluation specialist, as noted in our budget.

### **1.2.3 Applicant's internal financial management systems**

CIP will be the lead manager of project funds. The Director of Finance and Operations will be responsible for managing the internal financial systems for the project and for financial reporting. CIP has been a responsible steward of NORAD funds since 2009. We have strong policies and procedures in place, including NORAD specific audits, to ensure that funds are used for their designated purposes. For the last four years, CIP has received the Charity Navigator's 4-star rating (the highest rating possible), a true testament to our fiscal responsibility. To this end, CIP and principal partners will work closely to develop high-quality reports, which will include a narrative report, matrix of indicators and a financial report.

CIP will put into place a Memorandum of Understanding with partners and sub-grantees to outline expectations for financial reporting consistent with Norad guidelines and expectations. For instance, we will require partners to submit all financial reporting for the project one month in advance of its due date for thorough review. We keep written records of all contracts and other important written materials relevant to the project. Consistent with Norad guidelines, we will engage in competitive bidding for large projects. CIP will make available to Norad financial documentation related to the project. CIP has a strict internal expense policy and automatic expense-monitoring system to track expenses to ensure value for money. In addition, we have in place an automatic expense-monitoring system to track expenses and ensure they are in line with expectations on a rapid basis. In our reporting, we will include a narrative report (description of activities at outcome level according to Norad's result chain), matrix of indicators and financial report including detailed expenses of CIP and partners.

### **1.2.4 Applicant's internal systems for disclosing and reporting corruption and financial irregularities**

CIP has strong internal controls in place to prevent, detect and report fraud and corruption. Management is responsible for developing and executing mitigating controls to address fraud risks while ensuring controls are executed efficiently by competent and objective individuals and that individual's level of authority is commensurate with his or her level of responsibility. All funds are accounted for as a result of the system described in the previous two points. All fixed costs such as staff and overheads are directly managed by the Project Lead and are scrutinized and approved by the board. Management is also responsible for the preparation and fair presentation of the organization's financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Project Director may approve expenses up to \$5,000. Any expenses greater than that will require approval from the CEO of the Mighty Earth program and expenses greater than \$50,000 will also receive approval from the executive director of CIP. In addition, expenses will be undertaken in compliance with Norad's guidelines. A financial audit is also performed for CIP on a yearly basis and conducted in accordance with auditing standards accepted in the United States of America, and in accordance with International Standards on



Auditing. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

CIP works under the principal of a set of ethical guidelines and complies with United States of America Labor Regulation. CIP's internal systems for disclosing and reporting corruption or wrongdoing are framed by its governance policies and guidelines. CIP has also put in place systems for monitoring its partners to which it issues subawards to carry out specific portions of a project or award. CIP uses a risk-based approach to determine the level of monitoring activities it will engage in necessary to ensure subrecipient compliance with meeting (a) relevant standards, including preventing misreporting, fraud or corruption, and (b) the terms of the subaward agreement. The risk assessment considers the dollar exposure of the subaward and the potential offsetting number of mitigating controls the subrecipient is able to demonstrate. This approach calibrates the efforts CIP deploys to oversee subrecipient compliance with the identified levels and areas of risk specific to the subrecipient in question.

CIP and partners work to fight corruption around the world. As such, we expect the highest ethical standards from our own team members and partners, and will work to ensure an organization that is free of corruption and that advances ethical practices more broadly. Team members are supported in immediately reporting any evidence of corruption or unethical behavior, and take preemptive steps to avoid situations that are exposed to corruption. CIP takes any steps possible to protect whistleblower confidentiality where desired.

### **1.2.5 Applicant's systems for knowledge management in the project**

Collectively, we will share knowledge, strategies and insights to build collaborative campaigns with multiple organizations across the globe. We foster collaboration and cooperation with frequent phone conferences, meetings, and web-based collaboration and sharing tools. As a result, we have built a large amount of trust with our members and funders.

As project leader, CIP commits to establishing smooth functioning of partnerships by setting up bi-monthly team teleconferences and information-sharing architecture (such as Dropbox and Google Drive). CIP will also conduct annual meetings to discuss implementation and agree upon annual objectives, actions, and deliverables for each partner per year, that are also discussed and agreed with Norad.

Establishing the relationship between the partners and sub-grantees of this project, and Norad, is a collaborative and iterative learning process, where capacity for understanding and applying new recommendations will grow. The outcomes of this project will create tools in the form of new public-private partnerships, policy/working agreements, and educational media materials that will help both public and private sector actors more effectively design and implement sustainable agriculture and REDD+ policies. We have well-developed systems for convening, inspiring, collaborating, consensus-building, and communicating – we believe that the judicious implementation of these systems will move REDD+ projects forward. Through working groups established throughout this project, we will share lessons learned and best practices with the business community (through the Consumer Goods Forum), with NGOs and relevant government agencies.

Waxman Strategies will contribute to project management by deploying its sophisticated monitoring and communications tools that help assess a project's impact through communications, media, and online, including metrics such as readership, financial value of earned media, reach of paid media. In addition, Waxman Strategies advises a range of philanthropies and other institutions involved in breaking the link between agricultural commodity expansion and deforestation and attends international conferences and monitors scientific literature on the topic. Waxman also works closely with international donors involved in these issues. As such, Waxman will be able to help assess impact (particularly in communications and public education) and ensure that the project is responsive and relevant to developments among private sector, government, civil society, and the public.

**Internal project partners:** CIP as the project lead will set up bi-monthly team teleconferences and quarterly telephone updates with NORAD to report on strategy and progress. CIP will lead in the organization of annual meetings to discuss implementation progress, including project and partner annual objectives, actions and deliverables, as well as any updates to the overarching project theory of change, exit strategy, and evolving risks. We will hold at least semi-annual in-person meetings of the primary consortium partners, and annual meetings that include key sub-grantees (and other partners) as well.

**Norad:** We will provide Norad with regular updates on the progress project, and propose to hold annual in-person meetings with Norad, and more frequent telephone calls to discuss project implementation and any other issues. We recommend a quarterly update – in person or on telephone – to provide us the opportunity to

share updates on the strategy, overarching project theory of change updates, and evolving risks. In addition, we will provide formal annual narrative and financial reports to Norad.

**National actors:** This project will enable us to significantly expand collaboration with civil society and government in focus forest nations. We will use a “fact-based policy advocacy” approach to knowledge management and sharing which will be focused on bringing together national government, civil society, and private sector representatives to create buy-in for project delivery. This approach provides pathways for less powerful actors to participate and helps secure data that would otherwise be difficult to obtain. Furthermore, linking the project with policy-makers through local partners and affected communities helps marginalized stakeholders gain capacity and knowledge to continue the process once donor funding ends. This approach has proven successful in both its influence on policy formulation and its creation of ongoing engagement with stakeholders.

**International actors:** The outcomes of this project will create tools in the form of new public-private partnerships, policy/working agreements, and educational media materials that will help both public and private sector actors more effectively design and implement sustainable agriculture and REDD+ policies. We have well-developed systems for convening, inspiring, collaborating, consensus-gaining and communicating – we believe that the judicious implementation of these systems will move REDD+ projects forward. Through working groups established throughout this project, we will share lessons learned and best practices with the business community, academics, civil society and relevant governments.

### Risk Assessment

#### **12. *Identification and analysis of internal and external risk factors as well as mitigation measures that can affect the achievement of the project's impact and outcome goals.***

a) Good collaboration: Risk of failure is very low. To avoid the risk, the project is planned so as to promote effective and synergistic collaboration with other civil society groups. Our supply chain knowledge and success in bringing together institutional investors to urge industry wide action against deforestation and human rights abuses has and will continue to be synergistic with these broader efforts. In addition, our partners have a history of collaborating with most of the organisations who currently receive Norad/NICFI funding, and will actively work to coordinate our efforts efficiently with the new Norad grantees.

b) Public concern/Resource mobilization: Risk of failure is low. The project will use these approaches as the basis for planning outreach to and mobilisation of global companies, consumers and other civil society groups, to foster reforms in supply chain governance.

c) Political will: Risk of resistance to the new supply chain and human rights governance reforms is high, among some producers and government officials, in South American and European countries. To mitigate: We will mobilise coalitions of civil society and, where possible, private sector actors to encourage government action for conservation and human rights. The recent change in political leadership in Brazil poses a particular risk to positive policy reform and implementation, making our private sector work even more critical than before.

d) Corruption and economic/political disorder: Corruption risk is high: it is pervasive in most of the target countries, allowing extensive clearing of land, narco-trafficking and continued poverty. Risk of economic/political instability is medium. Such disorder can undermine private investment in sustainable commodity production and discourage establishment of solid supply chain relationships, including attention to deforestation and social safeguards. To mitigate: This project cannot avoid these overall risks, but good commodity sourcing guidelines can maximise social benefits from these industry sectors to the extent they take hold. The transparency and monitoring demands that will accompany commodity markets more broadly can also help to expose, and thus, discourage corruption. If severe instability threatens our ability to work in one country, following consultation with our in-country partners we will focus elsewhere.

e) Traders fail to deliver: Risk is high. Most traders have made pledges, such as on palm oil, but not yet delivered on implementation. This will require expensive, transparent monitoring, especially since some producers, have refused to fulfil the policies. To mitigate: Project partners and collaborators will analyse, demonstrate and expose supply chain problems. We will encourage their major supply chain customers and public consumers to demand full implementation.

f) REDD progress is slow: Risk of slow implementation of REDD is high, but it is unlikely to be completely derailed. To mitigate: we will involve government ministries now, so they recognise the benefits of starting or maintaining cost effective progress on deforestation, for the long-term future of their commodity markets.

Failure to improve monitoring, or downgrading indigenous protections, etc., could lead to losing business. Our private sector efforts would continue, but would be more expensive.

g) Flaws/corruption in verification systems: Risk is high. To mitigate: this project is specifically designed to support the momentum toward increased accuracy and transparency in land use and supply chain analysis. University of Washington (UW) and other collaborators will provide the necessary enhanced data and analysis.

**13. *Unintended negative consequences that the project may have. included but should not be limited to the four following cross-cutting issues,***

The main risk factor we see possible is that emergence of improved private sector sourcing standards causes soy producers and cattle ranchers to attempt to use their political influence to stymie these efforts through government. We hope to mitigate this risk by engaging responsible private sector actors (including the many deforestation-free producers) to support government conservation and human rights efforts. We also hope to elevate local voices to articulate the substantial environmental, health, and economic benefits (market access/access to capital/donor finance) that come from shifting to responsible production. We believe that even modest complementary investment from international donors can also help ensure that governments see tangible benefits from the emergence of private sector standards. Finally, we will ensure that our communications highlight the benefits of responsible production for the countries where it will happen, and wherever possible, feature local voices. We will conduct significant outreach to in-country media to explain these issues and respond to any questions.

The policies we are advocating for include a strong emphasis on Free, Prior, and Informed Consent of affected communities. The changes we are seeking to achieve would dramatically increase participation, accountability, and non-discrimination. For instance, displacement and even murder of members of local communities by agricultural interests are currently fairly common. Success of this project would reduce those impacts; we also hope to create opportunities for indigenous and local communities to communicate directly with senior corporate executives and government officials in ways they are often excluded from. As such, we hope that we can help reduce the racism towards indigenous people often found among elites in Latin America (and elsewhere), and therefore encourage the adoption of policies and practices that are respectful of indigenous views and interests. Similarly, land acquisition processes, especially on forested land, are notoriously corrupt across much of Latin America. Requiring FPIC and conservation will reduce the opportunities for corrupt acquisition of land. Finally, gender inclusion and respect for women's rights are critical elements of our work. Women will likely benefit in particular from reduced use of hazardous pesticides, and also from improved labor policies. In the past, we have seen a tendency for companies and some NGOs to deemphasize pesticide issues in negotiation of sustainability. We have continued to focus on these issues, and this project will enable these issues to take a higher profile. We also are committed to ensuring women's participation in formulation of policy and other decision-making. The fact that women hold critical positions on the project team will help ensure representation of women's perspectives in all aspects of this project.

**14. *Describe the project's sustainability, local ownership, and exit strategy.***

This program is part of ongoing work, although it will represent a substantial increase in funding. We do think that in order to achieve its intended impact, particularly in the cattle sector, funding will be needed beyond the scope of this grant. If we get traction, we are likely to apply for a renewal of this project in the next Norad civil society grant period. We will continue to seek other opportunities to build on this funds, and are pleased that CLUA has shown interest in providing limited funding in the short run, and will explore opportunities for that to grow over time. CIP does not intend to end our advocacy for deforestation-free agricultural production that respects land rights until these systems are established in an enduring way. We hope that once the improved supply chain commitments and other policies are in place, and demonstrated to be implementable and cost-effective, it will be hard for consumer facing companies, traders and producers to backtrack. These new productive systems will become a new "business as usual." The project's local and international partners have the same long term vision to continue this work as long as it is needed. We hope that the knowledge sharing and capacity building we do with local NGOs in particular provides long-term benefits for them that are not dependent on the funding envisioned here. Similarly, we are hopeful that government reforms that create a positive enabling environment for conservation and human rights protection will show clear benefits for the economy and environment of the country, and get locked in with political support across the spectrum.

## Endnotes:

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- <sup>i</sup> Gibbs et al. (2015) Brazil's Soy Moratorium. *Science*, 23, Vol. 347, No. 6220: 377-378.
- <sup>ii</sup> Food and Agriculture Organization of the United Nations, Global Forest Resources Assessment 2015
- <sup>iii</sup> Gibbs et al. (2015) Brazil's Soy Moratorium. *Science*, 23, Vol. 347, No. 6220: 377-378.
- <sup>iv</sup> <https://www.wri.org/resources/maps/atlas-forest-and-landscape-restoration-opportunities>
- <sup>v</sup> La Autoridad de Fiscalización y Control Social de Bosques y Tierras ABT (Bolivian forest enforcement agency) 2015 Annual Report
- <sup>vi</sup> Carter, Sarah et al. "Agriculture-driven deforestation in the tropics from 1990-2015: emissions, trends and uncertainties." *Environmental Research Letters*. Vol. 13, No. 1. December 28, 2017.
- <sup>vii</sup> Carbon sequestration potential of second-growth forest regeneration in the Latin American tropics, [www.ScienceAdvances.org](http://www.ScienceAdvances.org) 13 May 2016 Vol 2 e150163o9f
- <sup>viii</sup> <http://www.paulsoninstitute.org/economics-environment/conservation/sustainable-soy-trade/>
- <sup>ix</sup> <http://dialogochino.net/why-are-chinese-agricultural-firms-so-active-in-latin-america-and-the-caribbean/>
- <sup>x</sup> <http://forest500.org/rankings/companies/cofco>



**Mighty Earth's Results Framework for ¡Acción Ya!  
Protecting the Forests and Indigenous Communities of Latin America**

**IMPACT**

Achieve a measurable reduction in destruction of native ecosystems, including tropical forests linked to commodity agriculture in Latin America, with a primary focus on the Brazilian Cerrado, the Bolivian Amazon Basin, and the Argentinian and Paraguayan Gran Chaco, with an additional focus on other producer nations (e.g., Peru, Colombia, and Ecuador) if and where strategically advantageous.

**INDICATOR**

Area of deforestation (or native vegetation loss) in hectares per year

**BASELINE Y0**

Bolivia: 289,000 hectares of deforestation per year (avg. 2010-2015); Brazilian Amazon: 662,400 ha deforestation (2017); Brazilian Cerrado: 700,000 ha native vegetation loss (2016); Argentina: 297,000 ha of deforestation per year (avg. 2010-2015), Paraguay: 325,000 ha of deforestation per year (avg. 2010-2015)

**FINAL TARGET**

~25% reduction in deforestation across the region of focus

**DATA SOURCE OF VERIFICATION**

Data sources include FAO,(including Global Forest Resources Assessments, state of the World's Forests, System for Earth Observation Data Access, Processing and Analysis for Land Monitoring), PRODES, Global Forest Watch, University of Wisconsin, and DETER (Detecção de Desmatamento em Tempo Real), and TerreClass

**OUTCOME 1: SOY**

Soy traders (**Upstream Actors**) a) adopt and b) implement mechanisms to dramatically reduce destruction of native ecosystems connected to soy across key soy-growing regions in Latin America.

**INDICATORS**

- a) Number of soy traders that adopt No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.
- b) Number of soy traders that implement No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.

<b>BASELINE</b>	<b>FINAL TARGET</b>
a) One soy trader	a) Six soy traders
b) No soy traders	b) Four soy traders

<b>TARGET Y1</b>	a) Three traders adopt b) One trader implements
<b>TARGET Y2</b>	a) Five traders adopt b) Two traders implement
<b>TARGET Y3</b>	a) Six traders adopt b) Four traders implement

**DATA SOURCE OF VERIFICATION**

We will assess the a) adoption and b) implementation of No Deforestation, No Exploitation policies for soy through:

- a) Industry and company announcements that are available publicly, and
- b) Absence of deforestation in the supply chain of Latin American soy traders as monitored by Mighty Earth, Global Forest Watch, University of Wisconsin, DETER, and other organizations.

**SUB-OUTCOME 1.1**

Commercial soy users (**Consumer Facing Companies**); meat, dairy and other producers; and retailers  
a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.

**INDICATORS**

- a) Number and market share of commercial soy users; meat, dairy and other producers; and retailers that adopt No Deforestation, No Exploitation policies.
- b) Number and market share of commercial soy users; meat, dairy and other producers; and retailers that implement No Deforestation, No Exploitation policies.

<b>BASELINE</b>	<b>FINAL TARGET</b>
Twelve soy end-users currently have No Deforestation, No Exploitation soy policies, and we are evaluating their degree of implementation.	At least twenty soy end-users (representing 25% of market) a) adopt and b) implement No Deforestation, No Exploitation policies.

<b>TARGET Y1</b>	a) 15 companies adopt b) Five fully implement
<b>TARGET Y2</b>	a) 20 companies adopt b) Ten fully implement
<b>TARGET Y3</b>	a) 20 companies adopt b) 20 fully implement

**DATA SOURCE OF VERIFICATION:**

- a) Public announcements, b) analysis by Forest 500, company-action.org, and other sources

**OUTPUT 1.1.1**

Public advocacy campaigns urging **Consumer Facing Companies/Commercial Users** and their supplying **Upstream Actors** in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.

**INDICATOR**

Percentage of Latin America's soy market targeted by public advocacy campaigns as measured by the development and implementation of campaign plans.

*(Note: The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, "Theory of Change," campaigns utilizing these tools are strategically developed to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.)*

<b>BASELINE</b>	<b>FINAL TARGET</b>
While we have conducted numerous public campaigns, none have been covered by the funding for this project.	Campaigns target consumer-facing companies and upstream actors that make up an aggregate of ~25% of Latin America's soy market, as defined by Trase. <sup>1</sup>

<b>TARGET Y1</b>	Campaigns target companies representing ~10% of Latin America's soy market
<b>TARGET Y2</b>	Campaigns target companies representing at least 25% of Latin America's soy market
<b>TARGET Y3</b>	-

**DATA SOURCE OF VERIFICATION:** Internal monitoring

### OUTPUT 1.1.2

Direct engagement with **Consumer-Facing Companies/Commercial Users**, and their supplying **Upstream Actors** through one on one meetings, conversation, correspondence, and trade associations and other industry mechanisms.

### INDICATORS

Meetings, phone conversations, emails, letters, outreach materials.

<b>BASELINE</b>	<b>FINAL TARGET</b>
While we have directly engaged with consumer-facing companies and soy traders, none of our engagement has been covered by the funding for this project.	Direct engagement with <b>Consumer-Facing Companies/Commercial Users</b> , and their supplying <b>Upstream Actors</b> , representing an aggregate of >25% of the Latin America soy market share.

<b>TARGET Y1</b>	Direct engagement with ~10% of the Latin America soy market
<b>TARGET Y2</b>	Direct engagement with 25% of the Latin America soy market
<b>TARGET Y3</b>	-

**DATA SOURCE OF VERIFICATION:** Internal monitoring of correspondence, meetings, and other engagements

<sup>1</sup> <https://yearbook2018.trase.earth/chapter3/>



**SUB-OUTCOME 1.2**

Institutional investors and financiers (**Key Influencers**) take measurable action calling on soy traders (**Upstream Actors**) to adopt policies to eliminate deforestation.

**INDICATORS**

- a) Assets under management (AUM) represented by investors, and
- b) Number of banks that publicly call on soy traders to act.

<b>BASELINE</b>	<b>FINAL TARGET</b>
a) Institutional investors representing \$617.5 billion AUM have publicly called for soy companies to stop deforestation b) banks have taken no action.	a) Investors representing \$1.5 trillion AUM publicly call on soy traders to act. b) Five major banks publicly call on soy traders to act.

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	a) Investors representing \$1 trillion AUM b) Three major banks publicly call on soy traders to act
<b>TARGET Y3</b>	a) Investors representing \$1.5 trillion AUM b) Five major banks publicly call on soy traders to act

**DATA SOURCE OF VERIFICATION:** Public announcements, letters, website postings, media coverage.

**OUTPUT 1.2.1**

Direct engagement with investors and financiers (**Key Influencers**) to advocate for their publication of analysis, letters and shareholder resolutions calling on soy companies to stop deforestation through meetings, conversations, correspondence, supplying materials and reports, one-on-one and/or through sectorial mechanisms.

**INDICATORS**

- a) AUM represented by investors
- b) Number of banks directly engaged

<b>BASELINE</b>	<b>FINAL TARGET</b>
While we have directly engaged with investors and financiers, none of our engagement has been covered by the funding for this project.	a) Direct engagement with and education of investors representing \$2 trillion AUM b) Direct engagement with and education of a total of seven major banks

<b>TARGET Y1</b>	a) Direct engagement with and education of investors representing total of \$1.5 trillion AUM and b) five major banks
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<b>TARGET Y2</b>	a) Direct engagement with and education of investors representing total of \$2 trillion AUM and b) seven major banks
<b>TARGET Y3</b>	a) Continued and ongoing engagement with and education of investors representing total of \$2 trillion AUM, and b) seven major banks

**DATA SOURCE OF VERIFICATION:** Internal monitoring

**OUTCOME 2: CATTLE**

Cattle processors (**Upstream Actors**) in Latin America a) adopt and b) implement mechanisms to reduce the destruction of native ecosystems for cattle production with respect for human rights.

**INDICATORS**

- a) Number of Latin American cattle processors that adopt No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.
- b) Number of Latin American cattle processors that implement No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.

<b>BASELINE</b>	<b>FINAL TARGET</b>
Zero cattle processors have No Deforestation, No Exploitation policies	At least one major meat processor a) adopts and b) implements a No Deforestation, No Exploitation policy

<b>TARGET Y1</b>	-Campaign development, establishing criteria and potential targets <sup>2</sup>
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<sup>2</sup> Working on campaign requires a certain degree of flexibility. When it comes to the cattle sector compared to the soy sector. From the application “It is important to note that the cattle industry has significantly different markets than soy. Though there are opportunities to drive action on international markets for leather, tallow, and limited beef exports, the majority of the consumption of Latin American cattle products occurs domestically. A significantly higher percentage of our work on cattle therefore will need to focus on organizing civil society within Latin American countries to drive commercial beef users (e.g. supermarkets and restaurants) to leverage change with processors and suppliers. As our work shifts to cattle, we will therefore dedicate a higher portion of our resources to organizing, advocacy and communications in Latin American countries”. Campaign activities to considered within this context include:

- Research and build a roadmap for citizen engagement in target Latin American countries
- Research and build a roadmap for expanding the Brazilian Amazon Zero Deforestation Cattle Agreement to new meatpackers, ranchers, and biomes across South America.
- Build coalitions of civil society organizations, stakeholders, and rightsholders working to stop deforestation for cattle.
- Drive media coverage of the need for companies and governments to act on deforestation in key cattle producing countries.
- Build more enduring advocacy and activist presence in key producing countries.
- Recruit citizens of South American countries to engage in online and offline advocacy and activism.
- Monitor and investigate deforestation for cattle, establishing supply chain and financial links
- Develop and refine, in consultation with experts and a range of rightsholders and stakeholders, private sector, public, and civic policies, mechanisms, and practices to reduce deforestation
- Analyze cattle supply chains to identify South American and international supermarkets, restaurant chains, leather brands and tallow user, investors, and banks that have leverage to stop deforestation.
- Use this research to develop private sector campaigns primarily in South America, but also internationally to persuade supply chain and financial actors to stop deforestation.

<b>TARGET Y2</b>	Campaign launch
<b>TARGET Y3</b>	At least one major meat processor a) adopts and b) implements a No Deforestation, No Exploitation policy

**DATA SOURCE OF VERIFICATION**

We will assess the a) adoption and b) implementation of No Deforestation, No Exploitation policies for cattle through:

- a) Industry and company announcements that are available publicly, and
- b) Absence of deforestation in the supply chain of Latin American soy traders as monitored by Mighty Earth, Global Forest Watch, University of Wisconsin, DETER, and other organizations.

- 
- Publish investigative reports tying brands in South America and internationally to deforestation, land-grabbing, and attacks on indigenous land defenders, as well as broader climate impacts of cattle.
  - Engage private sector companies.
  - Launch grassroots, media, and online campaigns in South America and internationally to urge cattle companies to act.



**SUB-OUTCOME 2.1**

The expansion of a) the geographic scope of and b) the number of actors (**Decision Makers, Key Influencers**) party to the Cattle Moratorium in Latin America.

**INDICATORS**

a) Geographic scope of and b) number of actors party to the Cattle Moratorium.

<b>BASELINE</b>	<b>FINAL TARGET</b>
a) The Cattle Moratorium does not apply outside of the Brazilian Amazon (i.e., it does not apply in the Cerrado, Bolivia, Paraguay, Argentina, Colombia, Peru, or Ecuador). b) Only three meat processors are currently implementing the Cattle Moratorium in the Brazilian Amazon.	a) Cattle industry joint action extended to other major cattle producing regions in Latin America, and b) 3 other major processors engaged in developing own policies and considering industry joint action.* <i>*targets may be refined following further research</i>

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	b) 3 other major processors engaged in developing own policies and considering industry joint action.
<b>TARGET Y3</b>	a) Cattle Moratorium extended to other major cattle-producing regions in Latin America.

**DATA SOURCE OF VERIFICATION:** Public announcements

**OUTPUT 2.1.1**

Internal document on public opinion and values-based communication strategies for key countries/regions to guide campaign messaging.

**INDICATORS**

Number of research document and guidance<sup>3</sup>

<b>BASELINE</b>	<b>FINAL TARGET</b>
No documents. We have some preliminary understanding of the cultural relevance and hot points, as well as partners and messengers, but no formal guidance or analysis.	Internal document providing values based research, analysis and guidance

<sup>3</sup> Because this was identified as a need across so many of the Norad funded projects at the recent seminar this may be conducted as a part of a broader effort to provide value on a programmatic level. See Appendix: Public Opinion Research for further details

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<b>TARGET Y1</b>	Identify contractors and partners, and determine scope of research & analysis Implementation of research and analysis Completion of guidance documents
<b>TARGET Y2</b>	- updates, revision, and implementation refinement as necessary <sup>4</sup>
<b>TARGET Y3</b>	- updates, revision, and implementation refinement as necessary -

**OUTPUT 2.1.2**

Investigative reports tying **Commercial Beef Users** in Latin America and internationally to deforestation, land-grabbing and attacks on Indigenous land defenders, as well as the broader climate impacts of cattle.

**INDICATOR**

Numbers of investigative reports

<b>BASELINE</b>	<b>FINAL TARGET</b>
Mighty Earth published the report <i>Mystery Meat</i> and follow-up investigative reports in recent years.	Two investigative reports published

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	One report
<b>TARGET Y3</b>	+One report (Two total)

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<sup>4</sup> Need of flexibility as footnote 2

**SUB-OUTCOME 2.2**

**Consumer-facing** commercial beef/leather/tallow end-users and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for cattle.

**INDICATORS**

- a) Market share of commercial beef/leather/tallow end-users and retailers that adopt No Deforestation, No Exploitation policies
- b) Market share of commercial beef/leather/tallow end-users and retailers that implement No Deforestation, No Exploitation policies

<b>BASELINE</b>	<b>FINAL TARGET</b>
a) Only five commercial beef/leather/tallow end-users and retailers (including processors) have cattle-specific No Deforestation policies in Brazil, according to company-action.org, and these lack adequate social safeguards and must be expanded to a broader geographic scope. b) Degree of implementation of these policies is currently unknown.	Commercial beef/leather/tallow end-users and retailers representing 20% of the global market a) has adopted and b) is implementing No Deforestation, No Exploitation policies for cattle.

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	Commercial beef/leather/tallow end-users and retailers representing 10% of global beef/leather/tallow market a) has adopted and b) is implementing No Deforestation, No Exploitation policies for cattle.
<b>TARGET Y3</b>	Commercial beef/leather/tallow end-users and retailers representing 20% of global beef/leather/tallow market a) has adopted and b) is implementing No Deforestation, No Exploitation policies for cattle.

**DATA SOURCE OF VERIFICATION:** Corporate announcements, CSR policies, analysis by Forest 500, company-action.org, and other sources

**OUTPUT 2.2.1**

Public advocacy campaigns urging **Consumer Facing Companies/Commercial Users** and their supplying **Upstream Actors** in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for beef and other cattle products.

**INDICATOR**

Percentage of Latin America's cattle market targeted by public advocacy campaigns as measured by the development and implementation of campaign plans.

*(Note: The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, "Theory of Change," campaigns utilizing these tools are*



*strategically developed in to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.)*

<b>BASELINE</b>	<b>FINAL TARGET</b>
While we have conducted numerous public campaigns, none have been covered by the funding for this project.	Campaigns target consumer-facing companies and upstream actors that make up an aggregate of ~25% of the global beef, leather, and tallow market.

<b>TARGET Y1</b>	Internal research & analysis document(s)
<b>TARGET Y2</b>	Campaigns target companies representing 10% of global beef, leather, and tallow market
<b>TARGET Y3</b>	Campaigns target companies representing 25% of global beef, leather and tallow market

**DATA SOURCE OF VERIFICATION:** Internal monitoring



**OUTCOME 3: PUBLIC POLICY REFORM**

An engaged civil society effectively mobilized to demand:

- 3.1) Government action,
- 3.2) The enforcement of existing law, and
- 3.3) The development of fiscal policies by donor governments, agencies, and organizations

to advance NDNE policies in relation to the production of soy and beef in Latin America.

*(Note: While we work to create direct on-the-ground change through private sector action, we also seek to create political realignments in the public sector. By persuading companies that once lobbied and bribed governments to weaken environmental protection and human rights enforcement to instead adopt their own voluntary No Deforestation, No Exploitation policies, we create an incentive for them to want their competitors to be subject to the same rules. This leads them to support, or at least reduce their opposition to, improved environmental and social governance. We intend to seize this window of opportunity to drive governmental legislation and regulation. Conversely, the mere “threat” of regulation in areas where civil society is effectively mobilized to demand government action compels the private sector toward voluntary commitments and initiatives in order to make that regulation unnecessary. As in other areas of our work, our focus will be primarily on private sector action, although we will strategically employ public policy as a lever to move the private sector and when sufficient political opportunity exists or is created.)*

**INDICATORS:** See below by Sub-Outcome

<b>BASELINE</b>	<b>FINAL TARGET</b>
See below by Sub-Outcome	See below by Sub-Outcome

<b>TARGET Y1</b>	See below by Sub-Outcome
<b>TARGET Y2</b>	See below by Sub-Outcome
<b>TARGET Y3</b>	See below by Sub-Outcome

**DATA SOURCE OF VERIFICATION:** See below by Sub-Outcome

**SUB-OUTCOME 3.1**

An engaged civil society effectively mobilized to demand government action on conservation and human rights related to soy and/or cattle production.

**INDICATOR**

Number of producer and/or consumer countries in which civil society urges government action in support of stronger conservation and human rights regulations

<b>BASELINE</b>	<b>FINAL TARGET</b>
Limited civil society engagement urging government action in support of stronger conservation and human rights regulations in consumer and/or producer countries.	Civil society engagement in five consumer and/or producer countries (e.g., Germany, Norway, Bolivia, Paraguay, Argentina, and France) urging government action in support of stronger conservation and human rights regulations.

<b>TARGET Y1</b>	Bolivian civil society coalition urging government action; continued civil society advocacy for Brazilian Cerrado.
<b>TARGET Y2</b>	Civil society engagement urging government action in support of stronger conservation and human rights regulations in at least two consumer and/or producer countries.
<b>TARGET Y3</b>	Civil society engagement urging government action in support of stronger conservation and human rights regulations in five consumer and/or producer countries.

**DATA SOURCE OF VERIFICATION:** Donor, government and civil society announcements

**OUTPUT 3.1.1**

The development and implementation of public advocacy campaigns urging **governments** in key consumer and producer countries to adopt and implement No Deforestation, No Exploitation policies consistent with FPIC for soy and/or beef.<sup>5</sup>

**INDICATOR<sup>6</sup>**

*The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, "Theory of Change," campaigns utilizing these tools are strategically developed in to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.)*

<b>BASELINE</b>	<b>FINAL TARGET</b>
Limited civil society engagement urging government action in support of stronger conservation and human rights regulations in consumer and/or producer countries.	Public advocacy campaigns targeted at governments in five key consumer and/or producer countries.

<b>TARGET Y1</b>	Develop a plan to integrate existing campaign work with opportunities for leveraging government action.
<b>TARGET Y2</b>	Public advocacy campaign in at least two consumer and/or producer countries.
<b>TARGET Y3</b>	Public advocacy campaign in five consumer and/or producer countries.

**DATA SOURCE OF VERIFICATION:** Civil society coalition letters, meetings, media coverage, actions.

<sup>5</sup> The objective in itself is to create a campaign that will influence governments in key countries to adopt and implement NDNE policies. The implementation of this activity in itself (public advocacy campaign creation and implementation) is therefore reported as an output.

As per the output indicators, the objective is not making governments in key countries adopt and implement NDNE policies (...), as this is out of the project implementation/control. Such an objective is typically an impact, aimed at structural changes. However, as CIP will work with Outcome 3 parallelly with, and in order to bolster outcomes 1 and 2, through the campaign and advocacy approach, this is provided as an outcome and not an impact.

<sup>6</sup> As a consequence of the explanation in the previous footnote, the aim of this output is not to measure the governments' adoption and implementation of the NDNE policies, rather to measure the campaign.



**SUB-OUTCOME 3.2**

Large companies in France report on and act to mitigate and/or eliminate deforestation and human rights abuses in their supply chains in compliance with “devoir de vigilance.”

**INDICATORS**

Number and scale (percentage of market share) of companies that are in compliance with France's devoir de vigilance, determined by whether they identify issues in their supply chains and implement actions to address identified issues.

<b>BASELINE</b>	<b>FINAL TARGET</b>
No companies have taken action to comply with France's devoir de vigilance.	Seven companies are in compliance with France's devoir de vigilance, representing >25% of the French retail market share for beef and/or soy.

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	At least three companies at risk of having deforestation and human rights abuses in their supply chains respond to Mighty Earth's legal letters and filings under France's devoir de vigilance.
<b>TARGET Y3</b>	Seven companies are in compliance with France's devoir de vigilance

**DATA SOURCE OF VERIFICATION**

Donor, government, and civil society announcements; company reporting in accordance with legislation.

**OUTPUT 3.2.1**

Engaged both upstream actors and consumer facing in legal correspondence, and implemented public pressure to compel compliance with the recently enacted devoir de vigilance<sup>7</sup>

**INDICATORS**

Number of companies that the advocacy is aimed at engaging

<b>BASELINE</b>	<b>FINAL TARGET</b>
0 companies. No efforts to compel compliance with devoir de vigilance	Legal action taken and a campaign built around 2-4 strategically chosen companies to compel systemic compliance with devoir de vigilance and build a case for the law's replication in other countries.

<sup>7</sup> This requires large companies to report and act on deforestation and human rights issues in their supply chains



<b>TARGET Y1</b>	<ul style="list-style-type: none"> <li>- Identify strategic targets for legal action.</li> <li>- Engage with at least 20 companies</li> <li>-</li> </ul>
<b>TARGET Y2</b>	<ul style="list-style-type: none"> <li>- Take legal action under devoir de vigilance relating to 2-4 companies</li> <li>- Educated public</li> <li>- Continue company engagement</li> </ul>
<b>TARGET Y3</b>	-

### SUB-OUTCOME 3.3

Donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private financial sources, provide complementary financial support to incentivize private sector action on soy and cattle.

### INDICATORS

Policies and actions by the donor governments, agencies, and organizations, as well as private financial sources

<b>BASELINE</b>	<b>FINAL TARGET</b>
International donors such as Norway, World Bank, IFC, IDH and others have expressed willingness to provide financing in various forms (government-to-government, concessional finance, smallholder incentives and training) to support the extension of joint industry action on soy to other biomes when combined with real action by industry. Although there have been modest-scale individual examples of donor finance to incentivize deforestation-free soy in the past, most donors are rightly waiting for industry to signal a real commitment to tackle deforestation and human rights issues before deploying significant capital.	International donors and financiers adopt policies or otherwise take action to incentivize private and public sector actors to act on conservation, stop land-grabbing, and protect land defenders.

<b>TARGET Y1</b>	-
<b>TARGET Y2</b>	Meaningful dialogue between companies in the soy and/or cattle supply chain and international donors to develop an understanding of opportunities related to international finance.
<b>TARGET Y3</b>	Model policies and actions are adopted in principle and timelines are set for implementation in 7 bodies.

**DATA SOURCE OF VERIFICATION:** Government and civil society announcements

**OUTPUT 3.3.1**

Education and collaboration with donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private financial sources, to develop model policies and actions to further incentivize private sector action on soy and cattle.

**INDICATORS:** Meetings, phone conversations, emails, letters, outreach materials.

<b>BASELINE</b>	<b>FINAL TARGET</b>
We have conducted little direct engagement with international donors such as Norway, the World Bank, IFC, and IDH regarding financing policies related to these issues.	Direct engagement and dialogue with 7 international donors to develop model policies, actions, and timelines.

<b>TARGET Y1</b>	Relevant informational materials developed for financiers and donors to support No Deforestation, No Exploitation commodity production in the context of effective and credible industry action.
<b>TARGET Y2</b>	Engagement with 4 financial institutions and governments to develop timelines for policies and relevant actions
<b>TARGET Y3</b>	Engagement with 7 financial institutions and governments to develop timelines for policies and relevant actions

**DATA SOURCE OF VERIFICATION:** Internal monitoring of correspondence, meetings, and other engagements

Template:	Non-Norwegian NGOs	Revision no.:	1
Specific Conditions (part I)	Grant Management Regime I	Date:	01.03.2016

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

AND

THE CENTER FOR INTERNATIONAL POLICY (CIP)

REGARDING

SAM-19/0001 ACCIÓN YA! (LATIN AMERICA PROJECT)

\*\*\*

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK



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## PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

- (1) The Norwegian Agency for Development Cooperation (Norad), represented by the Section for Climate Forest and Green Economy, and
- (2) The Center for International Policy (CIP), an international NGO duly established in the District of Columbia under registration number 850723 (the Grant Recipient),

jointly referred to as the Parties.

### 1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted a project document to Norad dated September 18 (the Application) (Chapter 12 of the application on September 20 and latest budget on September 26) regarding financial support to the project SAM-19/0001 Acción ya! (Latin America project) (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement. The Grant recipient has a primary partner in the implementation of this project, Waxman Strategies (hereafter Project Partner)
- 1.2 Norad has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from January 2019 to December 2021 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

### 2 OBJECTIVES OF THE PROJECT

- 2.1 The expected results of the Project are as follows:

The Project's planned effect(s) on society is to "Achieve a measurable reduction in destruction of native ecosystems, including tropical forests linked to commodity agriculture in Latin America, with a primary focus on the Brazilian Cerrado, the Bolivian Amazon Basin, and the Argentinian and Paraguayan Gran Chaco, with an additional focus on other producer nations (e.g., Peru, Colombia, and Ecuador) if and where strategically advantageous" (Impact).

The planned effects for the target group of the Project are (Outcomes).

**Outcome 1:** Soy traders (Upstream Actors) a) adopt and b) implement mechanisms to dramatically reduce destruction of native ecosystems connected to soy across key soy-growing regions in Latin America.

**Outcome 2:** Cattle processors (Upstream Actors) in Latin America a) adopt and b) implement mechanisms to reduce the destruction of native ecosystems for cattle production with respect to human rights.

**Outcome 3:** An engaged civil society is effectively mobilized to demand:



- Government action,
- The enforcement of existing law, and
- The development of fiscal policies by donor governments, agencies, and organizations to advance NDNE policies in relation to the production of soy and beef in Latin America.

The planned main products of the Project are (Sub-Outputs).

**Sub-Outcome 1.1)** Commercial soy users (Consumer Facing Companies); meat, dairy and other producers; and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy

**Sub-Outcome 1.2)** Institutional investors and financiers (Key Influencers) take measurable action calling on soy traders (Upstream Actors) to adopt policies to eliminate deforestation.

**Sub-Outcome 2.1)** The expansion of a) the geographic scope of and b) the number of actors (Decision Makers, Key Influencers) party to the Cattle Moratorium in Latin America.

**Sub-Outcome 2.2)** Consumer-facing commercial beef/leather/tallow end-users and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for cattle.

**Sub-Outcome 3.1)** An engaged civil society effectively mobilized to demand government action on conservation and human rights related to soy and/or cattle production.

**Sub-Outcome 3.2)** Large companies in France report on and act to mitigate and/or eliminate deforestation and human rights abuses in their supply chains in compliance with “devoir de vigilance.”

**Sub-Outcome 3.3)** Donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private finance sources, provide complementary financial support to incentivize private sector action on soy and cattle.

The planned main services of the Project are (Outputs).

**Output 1.1.1)** Public advocacy campaigns urging Consumer Facing Companies/Commercial Users and their supplying Upstream Actors in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.

**Outputs 1.1.2)** Direct engagement with Consumer-Facing Companies/Commercial Users, and their supplying Upstream Actors through one on one meetings, conversation, correspondence, and trade associations and other industry mechanisms.

**Output 1.2.1)** Direct engagement with investors and financiers (Key Influencers) to advocate for their publication of analysis, letters and shareholder resolutions calling on soy companies to stop deforestation through meetings, conversations, correspondence, supplying materials and reports, one-on-one and/or through sectorial mechanisms.

**Output 2.1.1)** Internal document on public opinion and values-based communication strategies for key countries/regions to guide campaign messaging





**Output 2.1.2)** Investigative reports tying Commercial Beef Users in Latin America and internationally to deforestation, land-grabbing, and attacks on Indigenous land defenders, as well as the broader climate impacts of cattle.

**Output 2.2.1)** Public advocacy campaigns urging Consumer Facing Companies/Commercial Users and their supplying Upstream Actors in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for beef and other cattle products.

**Output 3.1.1)** The development and implementation of public advocacy campaigns urging governments in key consumer and producer countries to adopt and implement No Deforestation, No Exploitation policies consistent with FPIC for soy and/or beef.

**Output 3.2.1)** Engaged both upstream actors and consumer facing companies in legal correspondence, and implemented public pressure to compel compliance with the recently enacted devoir de vigilance.

**Output 3.3.1)** Education and collaboration with donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private financial sources, to develop model policies and actions to further incentivize private sector action on soy and cattle.

The intended target group are

The targets groups are the following:

**A) Ultimate Outcome (Indirect Targets)**

A) Soy and Cattle producers

**B) Decision Makers**

1. **Upstream Actors**

- a. Major soy traders
- b. Leading cattle processors and suppliers

2. **Commercial Users of Soy and Cattle:** Consumer facing companies

3. **Governments**

- a. Producer country national and subnational governments
- b. Consumer country governments

**C) Key Influencers**

- 1. Investors
- 2. International donors
- 3. Banks
- 4. Trade Associations
- 5. Certification Bodies
- 6. Opinion Leaders

**D) Change Agents**

- 1. Citizens / Consumers
- 2. Civil Society

2.2 The full results framework is included as Annex B to this Agreement.

**3 IMPLEMENTATION OF THE PROJECT**



- 3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.
- 3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

#### **4 THE GRANT**

- 4.1 The Grant shall amount to maximum NOK 30,000,000 (Norwegian Kroner Thirty million).
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the Parliament's annual allocation to the relevant budget line may lead to a reduction in annual Grant allocations and/or in the total Grant amount. The annual Grant allocations must be confirmed by Norad following the Parliament's approval of the state budget for the relevant budget year. If the Grant amount is reduced the Grant Recipient must revise the implementation plan, budget and results framework correspondingly.
- 4.3 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.
- 4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7% of Norad's pro rata share of the actual costs of the Project.
- 4.5 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

#### **5 DISBURSEMENT**

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.





- 5.3 The **first disbursement** shall be made upon Norad's receipt of
- a) Written disbursement request from the Grant Recipient, describing the financial need for the period in question
  - b) Financial need with reference to the approved project document and the budget.
  - c) Approved project expenses incurred prior to the signing of the agreement.
- 5.4 The **first disbursement** each year shall be made upon Norad's receipt of
- a) Written disbursement request from the Grant Recipient, describing the financial need for the period in question
  - b) The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget. Progress report covering the period one month prior to requested disbursement date should be attached.
- 5.5 The **second disbursement** each year shall be made upon Norad's receipt of
- a) Written disbursement request from the Grant Recipient, describing the financial need for the period in question
  - b) The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget
  - c) Approved Annual Progress Report (January-December)
  - d) Approved Annual Financial Report (January- December)
- 5.6 The disbursement requests shall be signed by the chief financial officer of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.7 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met.
- 5.8 The final disbursement will be made upon Norad's receipt and approval of the final audit report of the project.
- 5.9 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:
- |                               |                                                              |
|-------------------------------|--------------------------------------------------------------|
| Name of the account:          | Center for International Policy, Inc.                        |
| Account no.:                  | 9250578016                                                   |
| IBAN no.:                     | N/A                                                          |
| Name and address of the bank: | Citibank 1218 Connecticut Avenue, NW<br>Washington, DC 20036 |
| Swift/BIC code:               | CITIUS33                                                     |
| Currency of the account:      | USD                                                          |
- 5.10 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt and the exchange rate applied.

## 6 REPORTING AND OTHER DOCUMENTATION



6.1 The following shall be submitted by the Grant Recipient to Norad:

- a) A **progress report** should be attached to each disbursement request, covering the period up to one month prior to requested disbursement date. The progress report shall include the content specified in article 2 of the General Conditions. Norad's standard reporting format should be used.
- b) An **annual progress report** covering the period from January to December shall be submitted together with the annual financial report referred to article 6.1.c). Norad's standard reporting format should be used.
- c) An **annual financial report** covering the period from January to December shall be submitted to Norad three weeks before the Annual Meeting. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1g) of the Specific Conditions.
- d) A **project audit report** covering the annual financial statements of the Project shall be submitted to Norad by the end of June each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report, and shall be approved by Norad in writing.
- e) An updated **implementation plan and budget** covering the period from January to December shall be submitted to Norad three weeks before the Semi-Annual Meeting each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions and shall be approved by Norad in writing.
- f) The **audit report** of the Grant Recipient shall be submitted to Norad by the end of June each year, together with the project audit report. The management letter (matters for governance attention) shall be attached to the audit report of the Grant Recipient.
- g) A **final report** for the Support Period shall be submitted to Norad no later than 6 months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions. Norad's standard reporting format should be used.

6.2 If the Grant Recipient is unable to meet the deadlines set out above, Norad shall be informed immediately.

6.3 All implementation plans, budgets and reports shall be approved in writing by Norad unless otherwise agreed by the Parties.

## 7 AUDIT

The annual financial statements of the Project shall be audited in accordance with the country's national auditing standards which are equivalent to International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement").

7.1 Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.





- 7.2 The Grant Recipient is responsible for submitting the audit report to Norad within the deadline indicated in article 6 of the Specific Conditions.

## **8 FORMAL MEETINGS**

- 8.1 The Parties shall hold formal meetings twice per year, an Annual Meeting tentatively in April and a Semi-Annual Meeting tentatively in November in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.
- 8.2 In the Annual-Meeting the Annual Progress Report and Financial Report should be discussed and approved. In the Semi-Annual Meeting, the implementation plan and budget for the upcoming period shall be discussed and approved. In the event that such reports have not been received at least three weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.
- 8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to Norad no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.
- 8.4 The Parties shall hold other formal meetings and/or field visits if/when requested by Norad. Details regarding agenda and procedures will be agreed upon by the Parties.

## **9 REVIEWS AND OTHER FOLLOW-UP MEASURES**

- 9.1 A mid-term review of progress to date shall be carried out by September 2020. Norad shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review shall be included in the Project budget/
- 9.2 An end-term review of results achieved by the Project shall be carried out by 6 months after the end of the project. Norad shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review shall be included in the Project budget.
- 9.3 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad without undue delay.

## **10 PROCUREMENT**

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.
- 10.2 If the total value of a contract exceeds NOK 350 000, the call for tenders/the shortlist of suppliers/the award criteria and their weighting/the procurement record and the signed contract shall be submitted to Norad for information.
- 10.3 Along with the documentation mentioned above, the Grant Recipient shall confirm in writing that the requirements agreed on in this article 10 have been fulfilled.



## **11 REPAYMENT OF INTEREST AND UNUSED FUNDS**

- 11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to Norad as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Project purposes, and other financial gain accrued on the Grant.
- 11.2 Repayments shall be made to the following bank account:
- Name of the account: DIREKTORATET FOR UTVIKLINGS- SAMARBEID  
Account no.: 7694.05.14815  
IBAN no.: NO31 7694 0514 815  
Name and address of the bank: DNB BANK ASA  
N-0021 Oslo  
Swift/BIC code: DNBANOKKXXX
- 11.3 The transaction shall be clearly marked: "Unused funds". The name of the Grant Recipient shall be stated, along with Norad's agreement number and agreement title.

## **12 SPECIAL PROVISIONS**

- 12.1 An organisational review focusing on the Grant Recipient and the Project Partner shall be carried out. Norad shall draft the term of reference. The cost of the review shall be covered by Norad over and above the Grant.
- 12.2 The audit report of the Project Partner shall be submitted to Norad by the end of June each year, together with the project audit report and the audit report of the Grant Recipient. The management letter (matters for governance attention) shall be attached to the audit report of the Project Partner.
- 12.3 The Grant Recipient shall in their agreements with their sub-partners ensure that Norad is entitled to carry organisational review of their sub-partners.

## **13 NOTICES**

- 13.1 All communication to Norad concerning the Agreement shall be directed to the Section for Climate Forest and Green Economy at the following e-mail address: [post-gronn@norad.no](mailto:post-gronn@norad.no).
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Sonya Carter, at the following address/e-mail address: 2000 M Street, NW, Suite 720, Washington, DC 20036 — [scarter@internationalpolicy.org](mailto:scarter@internationalpolicy.org) , and cc'd to Glenn Hurowitz at [glenn@waxmanstrategies.com](mailto:glenn@waxmanstrategies.com).
- 13.3 Norad's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.






#### 14 SIGNATURES

- 14.1 By signing part I of the Agreement, the Parties also confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.
- 14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place:

Date:

<hr/> <p>for the Norwegian Agency for Development Cooperation,  Mette Møglestue  Acting Director  Department for Climate, Energy and Environment</p>	 <hr/> <p>For Center for International Policy,  Salih Booker  President &amp; CEO</p>
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Attachments:

Annex A: Approved budget for the Project  
Annex B: Results framework



## 15 ANNEX A: APPROVED BUDGET FOR THE PROJECT

	Year 1	Year 2	Year 3	TOTAL	Share	Explanation: Enter the year/years of the project budget
DIRECT PROJECT COSTS (Based on cost-categories)	Amt (USD)	Amt (USD)	Amt (USD)	Amt (USD)	%	Explanation: Enter the currency of the budget. The currency to be used, if costs incur in several currencies, is the currency that the largest share of the costs incur in or NOK.
DIRECT PROJECT COSTS (HQ - CIP/ME)	\$567 562	\$567 026	\$584 545	\$ 1 719 133	50 %	Explanation: Norad's indirect cost contribution to admin costs not to be included in direct project costs incurred at HQ
Salaries (Lønnskostnader)	\$350 015	\$350 015	\$343 017	\$ 1 043 047	30 %	Explanation: Enter the total salary costs of the project/programme incurred at HQ.
Travels (Reisekostnader)	\$32 547	\$32 547	\$37 547	\$ 102 641	3 %	Explanation: The total travel costs for the programme/project incurred at HQ
Consultants and other external services (Kostnader til konsulenter og andre eksterne tjenester)	\$132 679	\$132 679	\$140 681	\$ 406 039	12 %	Explanation: Enter all costs for consultants/external services, other procurements of the programme /project incurred at HQ
Procurement (Kostnader til innkjøp)				\$ -	0 %	Explanation: Costs related to procurement of materials, vehicles etc. incurred at HQ
Other direct activity costs (Andre kostnader knyttet til implementering av prosjektet)	\$27 555	\$27 019	\$38 534	\$ 93 108	3 %	Explanation: Direct activity costs (incurred at HQ) not covered by other budget lines
Audits, monitoring and evaluations (Kostnader til revisjon, monitorering, evaluering)	\$24 766	\$24 766	\$24 766	\$ 74 298	2 %	Explanation: Costs related to audit, monitoring and evaluations (including salary, travel and external consultants used for this purpose at HQ. In order to avoid double counting these costs are not to be filled in under other budget lines)
DIRECT PROJECT COSTS (WS)	\$466 444	\$466 444	\$466 443	\$ 1 399 331	41 %	
Salaries (Lønnskostnader)	\$316 180	\$316 180	\$303 179	\$ 935 539	27 %	Explanation: Enter the total salary costs of the project/programme incurred at Regional/National office
Travels (Reisekostnader)	\$25 031	\$25 031	\$25 031	\$ 75 093	2 %	Explanation: The total travel costs for the programme/project incurred at Regional/National Office
Operating costs (Driftskostnader)				\$ -	0 %	Explanation: The programme's/project's operating costs at Regional/National Office
Consultants and other external services (Kostnader til konsulenter og andre eksterne tjenester)	\$85 182	\$85 182	\$98 183	\$ 268 547	8 %	Explanation: Enter all costs for consultants/external services, other procurements of the programme/project incurred at Regional Office/National Office
Procurement (Kostnader til innkjøp)				\$ -	0 %	Explanation: Costs related to procurement of materials, vehicles etc. incurred at Regional/National Office
Other direct activity costs (Andre kostnader knyttet til implementering av prosjektet)	\$30 038	\$30 038	\$30 037	\$ 90 113	3 %	Explanation: Direct activity costs (incurred at Regional/National Office) not covered by other budget lines
Audits, monitoring and evaluations (Kostnader til revisjon, monitorering, evaluering)	\$10 013	\$10 013	\$10 013	\$ 30 039	1 %	Explanation: Costs related to audit, monitoring and evaluations at Regional/National Office (including salary, travel and external consultants used for this purpose at Regional/National Office. In order to avoid double counting these costs are not to be filled in under other budget lines)
DIRECT PROJECT COSTS (sub-grantees)	\$110 056	\$110 056	\$110 057	\$ 330 169	10 %	
Salaries (Lønnskostnader)				\$ -	0 %	Explanation: Enter the total salary costs of the project/programme incurred at local partner level
Travels (Reisekostnader)				\$ -	0 %	Explanation: The total travel costs for the programme/project incurred at local partner level



Operating costs (Driftskostnader)				\$ -	0 %	Explanation: The programme's/project's operating costs at local partner level
Consultants and other external services (Kostnader til konsulenter og andre eksterne tjenester)				\$ -	0 %	Explanation: Enter all costs for consultants/external services, other procurements of the programme/project incurred at local partner level
Procurement (Kostnader til innkjøp)				\$ -	0 %	Explanation: Costs related to procurement of materials, vehicles etc. incurred at local partner level
Other direct activity costs (Andre kostnader knyttet til implementering av prosjektet)	\$110 056	\$110 056	\$110 057	\$ 330 169	10 %	Explanation: Direct activity costs (incurred at local partner level) not covered by other budget lines
Audits, monitoring and evaluations (Kostnader til revisjon, monitorering, evaluering)				\$ -	0 %	Explanation: Costs related to audit, monitoring and evaluations at local partner level (including salary, travel and external consultants used for this purpose at local partner level. In order to avoid double counting these costs are not to be filled in under other budget lines)
<b>TOTAL DIRECT PROJECT COSTS</b>	<b>\$1 144 062</b>	<b>\$1 143 526</b>	<b>\$1 161 045</b>	<b>\$ 3 448 633</b>		

	Year 1	Year 2	Year 3	Total	Share
<b>INDIRECT PROJECT COSTS</b>	Amt (USD)	Amt (USD)	Amt (USD)	Amt (USD)	%
INDIRECT PROJECT COSTS (CIP/ME)	\$80 084	\$80 047	\$81 273	\$ 241 404	100 %
INDIRECT PROJECT COSTS (WS)	\$0	\$0	\$0	\$ -	0 %
INDIRECT PROJECT COSTS (sub-grantees)	\$0	\$0	\$0	\$ -	0 %
<b>TOTAL INDIRECT PROJECT COSTS</b>	<b>\$80 084</b>	<b>\$80 047</b>	<b>\$81 273</b>	<b>\$ 241 404</b>	<b>100 %</b>

We have added this box for clarity: indirect costs are now listed in USD, not just in NOK below.

	Year 1	Year 2	Year 3	TOTAL	Share
<b>INCOME/FINANCING PLAN DIRECT PROJECT COSTS</b>	Amt (USD)	Amt (USD)	Amt (USD)	Amt (USD)	%
Grant funding Norad	\$1 144 062	\$1 143 526	\$1 161 045	\$ 3 448 633	100 %
<b>TOTAL INCOME/FINANCING PLAN DIRECT PROJECT COSTS</b>	<b>\$1 144 062</b>	<b>\$1 143 526</b>	<b>\$1 161 045</b>	<b>\$ 3 448 633</b>	

Explanation: Norad's financing of the programme's/project's direct costs

Explanation: Should be equal to "total direct project costs" mentioned in cell A27

	Year 1	Year 2	Year 3	TOTAL	
<b>GRANT APPLICATION/AGREED AMOUNT</b>	Amt NOK	Amt NOK	Amt NOK	Amt NOK	Rate
Norad contribution direct project cost	NOK 9 301 224	NOK 9 296 867	NOK 9 439 292	NOK 28 037 383	8,13
Norad indirect cost contribution	NOK 651 086	NOK 650 781	NOK 660 750	NOK 1 962 617	7 %
<b>TOTAL NORAD GRANT AMOUNT</b>	<b>NOK 9 952 310</b>	<b>NOK 9 947 648</b>	<b>NOK 10 100 042</b>	<b>NOK 30 000 000</b>	

Explanation: Fill in exchange rate. Fill in 1 if NOK is used as currency.

Enter rate for Norad's contribution towards the organization's indirect costs (Maximum 7%).

Explanation: Grant amount to Norad per year and for the total programme/project

	Year 1	Year 2	Year 3	TOTAL	Share
<b>DIRECT PROJECT COST BY COUNTRY (required information for multi-country agreements)</b>	Amt (USD)	Amt (USD)	Amt (USD)	Amt (USD)	%
Country 1 (US)	\$267 985	\$199 181	\$200 045	\$667 211	19 %

Explanation: Total direct project cost related to country 1 (Excluding Norad indirect cost contribution)

Country 2 (Brazil)	\$79 500	\$117 000	\$120 000	\$316 500	9 %
Country 3 (Bolivia)	\$148 788	\$220 345	\$223 000	\$592 133	17 %
Country 4 (Argentina)	\$79 400	\$117 000	\$120 000	\$316 400	9 %
Country 5 (Paraguay)	\$50 000	\$75 000	\$75 000	\$200 000	6 %
Country 6 (China)	\$10 026	\$20 000	\$20 000	\$50 026	1 %
Remaining countries (EU: France, UK, Germany, the Netherlands)	\$508 363	\$395 000	\$403 000	\$1 306 363	38 %
TOTAL DIRECT PROJECT COSTS	\$1 144 062	\$1 143 526	\$1 161 045	\$ 3 448 633	

Explanation: Should be equal to "total direct project costs" mentioned in cell A37



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## 16 ANNEX B: RESULTS FRAMEWORK

LEVEL	EXPECTED RESULT	INDICATORS	Indicator data				FINAL TARGET YX	Data source of verification
			BASELINE Y0	BASELINE Y1	TARGET Y2			
IMPACT	Achieve a measurable reduction in destruction of native ecosystems, including tropical forests linked to commodity agriculture in Latin America, with a primary focus on the Brazilian Cerrado, the Bolivian Amazon Basin, and the Argentinian and Paraguayan Gran Chaco, with an additional focus on other producer nations (e.g., Peru, Colombia, and Ecuador) if and where strategically advantageous.	Area of deforestation (or native vegetation loss) in hectares per year	Bolivia: 289,000 hectares of deforestation per year (avg. 2010-2015); Brazilian Amazon: 662,400 ha deforestation (2017); Brazilian Cerrado: 700,000 ha native vegetation loss (2016); Argentina: 297,000 ha of deforestation per year (avg. 2010-2015), Paraguay: 325,000 ha of deforestation per year (avg. 2010-2015)				~25% reduction in deforestation across the region of focus	Data sources include FAO, (including Global Forest Resources Assessments, state of the WOPrid's Forests, System for Earth Observation Data Access, Processing and Analysis for Land Monitoring), PRODES, Global Forest Watch, University of Wisconsin, and DETER (Detecção de Desmatamento em Tempo Real), and TerreClass
OUTCOME 1	Soy traders (Upstream Actors) adopt and b) implement mechanisms to dramatically reduce destruction of native ecosystems connected to soy across key soy-growing regions in Latin America.	a) Number of soy traders that adopt No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.  b) Number of soy traders that implement No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.	a) One soy trader b) No soy traders	a) Three traders adopt b) One trader implements	a) Five traders adopt b) Two traders implement	a) Six traders adopt b) Four traders implement	a) Industry and company announcements that are available publicly, and  b) Absence of deforestation in the supply chain of Latin American soy traders as monitored by Mighty Earth, Global Forest Watch, University of Wisconsin, DETER, and other organizations.	
SUB-OUTCOME 1.1	Commercial soy users (Consumer Facing Companies); meat, dairy and other producers; and retailers adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.	a) Number and market share of commercial soy users; meat, dairy and other producers; and retailers that adopt No Deforestation, No Exploitation policies.	a) Twelve soy end-users currently have No Deforestation, No b) Exploitation soy policies, and we are evaluating their degree of implementation.	A) 15 companies adopt b) Five fully implement	A) 20 companies adopt b) Ten fully implement	a) At least twenty soy end-users (representing 25% of market) a) adopt b) implement No Deforestation, No Exploitation policies.	a) Public announcements, b) analysis by Forest 500, company-action.org, and other sources	



	b) Number and market share of commercial soy users; meat, dairy and other producers; and retailers that implement No Deforestation, No Exploitation policies.	While we have conducted numerous public campaigns, none have been covered by the funding for this project.	Campaigns target companies representing ~10% of Latin America's soy market	Campaigns target companies representing at least 25% of Latin America's soy market	Campaigns target consumer-facing companies and upstream actors that make up an aggregate of ~25% of Latin America's soy market, as defined by Trase. <sup>2</sup>	Internal monitoring
OUTPUT 1.1.1	Public advocacy campaigns urging Consumer-Facing Companies/Commercial Users and their supplying Upstream Actors in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for soy.	While we have directly engaged with consumer-facing companies and soy traders, none of our engagement has been covered by the funding for this project.	Direct engagement with ~10% of the Latin America soy market	Direct engagement with 25% of the Latin America soy market	Direct engagement with Consumer-Facing Companies/Commercial Users, and their supplying Upstream Actors, representing an aggregate of >25% of the Latin America soy market share.	Internal monitoring of correspondence, meetings, and other engagements
SUB-OUTCOME 1.2	Institutional investors and financiers (Key Influencers) take measurable action calling on soy traders (Upstream Actors) to adopt policies to eliminate deforestation.	a) Institutional investors representing \$617.5 billion AUM have publicly called for soy companies to stop deforestation b) banks have taken no action.	a) Investors representing \$1 trillion AUM b) Three major banks publicly call on soy traders to act	a) Investors representing \$1.5 trillion AUM publicly call on soy traders to act b) Five major banks publicly call on soy traders to act	a) Investors representing \$1.5 trillion AUM publicly call on soy traders to act b) Five major banks publicly call on soy traders to act	Public announcements, letters, website postings, media coverage.
OUTPUT 1.2.1	Direct engagement with investors and financiers (Key Influencers) to advocate for their publication of analysis, letters and shareholder resolutions calling on soy companies	While we have directly engaged with investors and financiers, none of our engagement has been covered by the funding for this project.	a) Direct engagement with and education of investors	a) Direct engagement with and education of investors representing total	a) Continued and ongoing engagement with and education of investors representing total of \$2 trillion AUM, and	Internal monitoring

<sup>1</sup> (Note: The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, "Theory of Change," campaigns utilizing these tools are strategically developed to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.)

<sup>2</sup> <https://yearbook2018.trase.earth/chapter3/>



	to stop deforestation through meetings, conversations, correspondence, supplying materials and reports, one-on-one and/or through sectorial mechanisms.			representing total of \$1.5 trillion AUM and b) five major banks	of \$2 trillion AUM and b) seven major banks	b) seven major banks	
OUTCOME 2 CATTLE	Cattle processors ( <b>Upstream Actors</b> ) in Latin America a) adopt and b) implement mechanisms to reduce the destruction of native ecosystems for cattle production with respect for human rights.	a) Number of Latin American cattle processors that adopt No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action. b) Number of Latin American cattle processors that implement No Deforestation, No Exploitation policies, consistent with FPIC, through individual and/or joint action.	Zero cattle processors have No Deforestation, No Exploitation policies	Campaign development, establishing criteria and potential targets	Campaign launch	At least one major meat processor a) adopts and b) implements a No Deforestation, No Exploitation policy	We will assess the a) adoption and b) implementation of No Deforestation, No Exploitation policies for cattle through: Industry and company announcements that are available publicly, and Absence of deforestation in the supply chain of Latin American soy traders as monitored by Mighty Earth, Global Forest Watch, University of Wisconsin, DETER, and other organizations.
SUB-OUTCOME 2.1	The expansion of a) the geographic scope of and b) the number of actors (Decision Makers, <b>Key Influencers</b> ) party to the Cattle Moratorium in Latin America.	a) Geographic scope of and b) number of actors party to the Cattle Moratorium.	a) The Cattle Moratorium does not apply outside of the Brazilian Amazon (i.e., it does not apply in the Cerrado, Bolivia, Paraguay, Argentina, Colombia, Peru, or Ecuador). b) Only three meat processors are currently implementing the Cattle Moratorium in the Brazilian Amazon.		b) 3 other major processors engaged in developing own policies and considering industry joint action.	a) Cattle industry joint action extended to other major cattle producing regions in Latin America, and b) 3 other major processors engaged in developing own policies and considering industry joint action.* *targets may be refined following further research	Public announcements
OUTPUT 2.1.1	Internal document on public opinion and values-based communication strategies for key countries/regions to guide campaign messaging.	Number of research document and guidance <sup>3</sup>	No documents. We have some preliminary understanding of the cultural relevance and hot points, as well as partners and	Identify contractors and partners, and determine	updates, revision, and implementation	Internal document providing values based research, analysis and guidance	Documents produced

<sup>3</sup> Because this was identified as a need across so many of the Norad funded projects at the recent seminar this may be conducted as a part of a broader effort to provide value on a programmatic level. An appendix is provided on this: "Public Opinion Research"



			messengers, but no formal guidance or analysis.	scope of research & analysis Implementation of research and analysis Completion of guidance documents	refinement as necessary		
<b>OUTPUT</b> 2.1.2	Investigative reports tying <b>Commercial Beef Users</b> in Latin America and internationally to deforestation, land-grabbing and attacks on Indigenous land defenders, as well as the broader climate impacts of cattle.	Numbers of investigative reports	Mighty Earth published the report <i>Mystery Meat</i> and follow-up investigative reports in recent years.		One report	Two investigative reports published	Reports
<b>SUB-OUTCOME</b> 2.2	<b>Consumer-facing</b> commercial beef/leather/tallow end-users and retailers a) adopt and b) implement No Deforestation, No Exploitation policies consistent with FPIC for cattle.	a) Market share of commercial beef/leather/tallow end-users and retailers that adopt No Deforestation, No Exploitation policies b) Market share of commercial beef/leather/tallow end-users and retailers that implement No Deforestation, No Exploitation policies	a) Only five commercial beef/leather/tallow end-users and retailers (including processors) have cattle-specific No Deforestation policies in Brazil, according to company-action.org, and these lack adequate social safeguards and must be expanded to a broader geographic scope. b) Degree of implementation of these policies is currently unknown.		Commercial beef/leather/tallow end-users and retailers representing 10% of global beef/leather/tallow market a) has adopted and b) is implementing No Deforestation, No Exploitation policies for cattle.	Commercial beef/leather/tallow end-users and retailers representing 20% of the global market a) has adopted and b) is implementing No Deforestation, No Exploitation policies for cattle.	Corporate announcements, CSR policies, analysis by Forest 500, company-action.org, and other sources
<b>OUTPUT</b> 2.2.1	Public advocacy campaigns urging <b>Consumer Facing Companies/Commercial Users</b> and their supplying <b>Upstream Actors</b> in key consumer and producer countries to a) adopt and b) implement No Deforestation, No Exploitation policies consistent with	Percentage of Latin America's cattle market targeted by public advocacy campaigns as measured by the development and implementation of campaign plans <sup>4</sup>	While we have conducted numerous public campaigns, none have been covered by the funding for this project.	Internal research & analysis document(s)	Campaigns target companies representing 10% of global beef, leather, and tallow market	Campaigns target consumer-facing companies and upstream actors that make up an aggregate of ~25% of the global beef, leather, and tallow market.	Internal monitoring

<sup>4</sup>Note: The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions, letter writing, etc. As described in Section 4, "Theory of Change," campaigns utilizing these tools are strategically developed in to drive industry transformation and create political realignments. Mighty Earth analyzes each area of its work geographically, by commodity, and by industry within the larger context of systemic change to determine which are the appropriate tools for each campaign.



	FPIC for beef and other cattle products.	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome
OUTCOME 3 PUBLIC POLICY REFORM	An engaged civil society effectively mobilized to demand: 3.1) Government action, 3.2) The enforcement of existing law, and 3.3) The development of fiscal policies by donor governments, agencies, and organizations to advance NDNE policies in relation to the production of soy and beef in Latin America <sup>5</sup>	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome	See below by Sub-Outcome
SUB-OUTCOME 3.1	An engaged civil society effectively mobilized to demand government action on conservation and human rights related to soy and/or cattle production.	Number of producer and/or consumer countries in which civil society urges government action in support of stronger conservation and human rights regulations	Limited civil society engagement urging government action of stronger conservation and human rights regulations in consumer and/or producer countries.	Bolivian civil society coalition urging government action; continued civil society advocacy for Brazilian Cerrado.	Civil society engagement in five consumer and/or producer countries (e.g., Germany, Norway, Bolivia, Paraguay, Argentina, and France) urging government action in support of stronger conservation and human rights regulations.	Donor, government, civil society announcements
OUTPUT 3.1.1	The development and implementation of public advocacy campaigns urging governments in key consumer and producer countries to adopt and implement No Deforestation, No Exploitation policies consistent with FPIC for soy and/or beef. <sup>6</sup>	The existence of a public advocacy campaign can be measured by numerous tactics and activities, including public demonstrations, earned and paid media, citizen meetings, investigations and reports, online engagement, petitions,	Limited civil society engagement urging government action in support of stronger conservation and human rights regulations in consumer and/or producer countries.	Develop a plan to integrate existing campaign work with opportunities for leveraging	Public advocacy campaigns targeted at governments in five key consumer and/or producer countries.	Civil society coalition letters, meetings, media coverage, actions.

5 (Note: While we work to create direct on-the-ground change through private sector action, we also seek to create political realignments in the public sector. By persuading companies that once lobbied and bribed governments to weaken environmental protection and human rights enforcement to instead adopt their own voluntary No Deforestation, No Exploitation policies, we create an incentive for them to want their competitors to be subject to the same rules. This leads them to support, or at least reduce their opposition to, improved environmental and social governance. We intend to seize this window of opportunity to drive governmental legislation and regulation. Conversely, the mere "threat" of regulation in areas where civil society is effectively mobilized to demand government action compels the private sector toward voluntary commitments and initiatives in order to make that regulation unnecessary. As in other areas of our work, our focus will be primarily on private sector action, although we will strategically employ public policy as a lever to move the private sector and when sufficient political opportunity exists or is created.)

6 The objective in itself is to create a campaign that will influence governments in key countries to adopt and implement NDNE policies. The implementation of this activity in itself (public advocacy campaign creation and implementation) is therefore reported as an output. As per the output indicators, the objective is not making governments in key countries adopt and implement NDNE policies (...), as this is out of the



project implementation/control. Such an objective is typically an impact, aimed at structural changes. However, as CIP will work with Outcome 3 parallelly with, and in order to bolster outcomes 1 and 2, through the campaign and advocacy approach, this is provided as an outcome and not an impact.

	complementary financial support to incentivize private sector action on soy and cattle.		forms (government-to-government, concessional finance, smallholder incentives and training) to support the extension of joint industry action on soy to other biomes when combined with real action by industry. Although there have been modest-scale individual examples of donor finance to incentivize deforestation-free soy in the past, most donors are rightly waiting for industry to signal a real commitment to tackle deforestation and human rights issues before deploying significant capital	Relevant informational materials developed for financiers and donors to support No Deforestation, No Exploitation commodity production in the context of effective and credible industry action.	Engagement with 4 financial institutions and governments to develop timelines for policies and relevant actions	Direct engagement and dialogue with 7 international donors to develop model policies, actions, and timelines.	on conservation, stop land-grabbing, and protect land defenders.	
OUTPUT 3.3.1	Education and collaboration with donor governments, agencies, and organizations (e.g., the World Bank, IFC, IDH, Interamerican Development Bank), as well as private financial sources, to develop model policies and actions to further incentivize private sector action on soy and cattle.	Meetings, phone conversations, emails, letters, outreach materials.	We have conducted little direct engagement with international donors such as Norway, the World Bank, IFC, and IDH regarding financing policies related to these issues.	Relevant informational materials developed for financiers and donors to support No Deforestation, No Exploitation commodity production in the context of effective and credible industry action.	Engagement with 4 financial institutions and governments to develop timelines for policies and relevant actions	Direct engagement and dialogue with 7 international donors to develop model policies, actions, and timelines.	on conservation, stop land-grabbing, and protect land defenders.	Internal monitoring of correspondence, meetings, and other engagements





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## PART II: GENERAL CONDITIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

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## 1 IMPLEMENTATION PLAN AND BUDGET

- 1.1 Any updated implementation plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework and shall specify planned activities and outputs and time schedules for the upcoming reporting period.
- 1.2 Any updated budget to be submitted in accordance with the Specific Conditions shall be based on the approved budget in Annex A and include estimated income to the Project from all sources as well as planned expenditures for the upcoming reporting period. The estimated financial need of the Project in the upcoming reporting period shall be clearly stated.
- 1.3 Significant deviations from or changes to the implementation plan and budget is subject to Norad's prior, written approval as outlined in article 12 of the General Conditions.

## 2 PROGRESS REPORT

- 2.1 Any progress reports to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, implementation plan and budget, and shall be signed by an authorised representative of the Grant Recipient.
- 2.2 The progress reports shall, as a minimum, include:
  - a) an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
    - show delivered outputs compared to planned outputs;
    - show the Project's progress towards achieving the Outcome;
    - if possible, describe the likelihood of the Impact being achieved.
  - b) an account and assessment of deviations from the latest approved implementation plan and Application;
  - c) an assessment of how efficiently Project resources have been turned into Outputs;
  - d) a brief account of materialised risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

## 3 FINANCIAL REPORT

- 3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.
- 3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:
  - a) the accounting principles applied;
  - b) income from all sources, including bank interest. Norad's contribution shall be specified;
  - c) expenses charged/capitalised in the relevant reporting period;
  - d) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
  - e) unused funds as per the reporting date;



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- f) overhead/indirect costs to be covered by the Grant in accordance with article 4 of the Specific Conditions;
- g) balance sheet, when required in accordance with the accounting principles applied;
- h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

3.3 Deviations between the approved budget and the expenses charged/capitalised shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

#### 4 FINAL REPORT

4.1 The final report to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the Support Period. The report shall be set up in a way that allows for a direct comparison with the Application, and shall be signed by an authorised representative of the Grant Recipient.

4.2 The final report shall, as a minimum, include:

- a) the items listed for the progress reports described in article 2 of the General Conditions, covering the entire Support Period;
- b) an assessment of the Project's effect on society (Impact);
- c) a description of the main lessons learned from the Project;
- d) an assessment of the sustainability of the results achieved by the Project.

#### 5 AUDIT

5.1 If an audit of the Project's financial statements is required pursuant to the Specific Conditions, the audit shall be carried out by an independent chartered/certified or state-authorised public accountant (auditor).

5.2 Norad reserves the right to approve the auditor, and may require that the auditor shall be replaced if Norad finds that the auditor has not performed satisfactorily or if there is any doubt as to the auditor's independence or professional standards.

5.3 The auditor shall form an opinion on whether the Project's financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

- a) the accounting principles followed by the Grant Recipient and;
- b) the requirements of article 3 clause 2 of the General Conditions.

5.4 The auditor shall report in accordance with the applicable audit standard, as agreed in the Specific Conditions.

5.5 The audit report shall include:

- a) the Project name and agreement number;
- b) identification of the Project's total expenses and total income;
- c) the subject of the audit;
- d) the financial reporting framework applied;
- e) the auditing standards applied;

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- f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
  - g) the auditor's opinion.
- 5.6 In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.
- 5.7 If any findings have been reported in the Project's management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to Norad together with the management letter.
- 5.8 The costs of the audit of the Project's financial statements shall be included in the Project's budget.
- 5.9 The audit requirements stated in this Agreement are applicable for the total Grant, including any part of the Grant that has been transferred to a cooperating partner.
- 5.10 The auditor of the Project's consolidated financial statement is responsible for the direction, supervision and performance of the audit of any part of the Grant that has been transferred to a cooperating partner. The auditor shall assure itself that those performing the audit for cooperating partners have the appropriate qualifications, that the audit is in compliance with professional standards, and that the audit report is appropriate under the circumstances.
- 5.11 The auditor of the Project's consolidated financial statement shall express an opinion on whether the statement is prepared, in all material respects, in accordance with the requirements of this Agreement. To this end, the auditor shall obtain sufficient appropriate audit evidence regarding the financial statements of the cooperating partner and the consolidation process.

## 6 CONTROL MEASURES

- 6.1 Representatives of Norad and the Norwegian Auditor General may at all times carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures may be i.a to verify that the Grant has been used in accordance with the Agreement or to evaluate the achievement of results.
- 6.2 The Grant Recipient shall facilitate such control measures by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.
- 6.3 The representatives of Norad and the Norwegian Auditor General shall also have access to the Grant Recipient's auditor and the auditor's assessments of all information pertaining to the Grant Recipient and the Project. The Grant Recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.
- 6.4 The rights and obligations of this article 6 shall remain in force for 5 years following expiry or termination of the Agreement.



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## 7 FINANCIAL MANAGEMENT

- 7.1 The Grant Recipient shall keep accurate accounts of the Project's income and expenditure using an appropriate accounting- and double-entry book-keeping system<sup>1</sup> in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.
- 7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations<sup>2</sup> and cash reconciliations<sup>3</sup> shall be completed at least every month, and shall be documented by the Grant Recipient.
- 7.3 Income and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.
- 7.4 The Grant Recipient shall keep the Project's accounting records for at least 5 years from the time of Norad's approval of the final report for the Project. This shall include i.a. vouchers, receipts, contracts and bank statements.

## 8 EXCHANGE RATE FLUCTUATIONS

- 8.1 If the Grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by Norad.
- 8.2 If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform Norad as soon as possible.
- 8.3 If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed Grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the Support Period, unless otherwise agreed between the Parties.

## 9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS

- 9.1 The right of ownership to equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such equipment, consumables and intellectual property rights are the exclusive responsibility of the Grant Recipient. However, significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the Norad's prior approval, as outlined in Article 12 of the General Conditions.

<sup>1</sup> A double-entry bookkeeping a system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

<sup>2</sup> Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.

<sup>3</sup> Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.





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- 9.2 Norad shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. Norad may assign this right to any individual or organisation at its own discretion.
- 9.3 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms. Ownership may not be transferred to an employee of the Grant Recipient or its cooperating partner, or to anyone related or connected to an employee, if such relation could lead to a conflict of interest as described in article 16 of the General Conditions.
- 9.4 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with Norad. Any income from a transfer shall accrue to the Project, and shall be reported in the financial statement of the Project.
- 9.5 The Grant Recipient shall prepare a record of transfer of ownership for any equipment, consumables and intellectual property rights. The record shall comprise information about the object of transfer, the original purchase price paid by the Grant Recipient, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to Norad along with the first progress report due after the sale.
- 9.6 If the activities of the Project do not continue after the end of the Support Period or after termination of the Agreement, the Grant Recipient shall inform Norad about the remaining equipment and goods that have been purchased by use of the Grant. The Norad may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to Norad unless otherwise agreed by the Parties.

## 10 REAL PROPERTY

- 10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by Norad.
- 10.2 If Norad has approved a purchase or construction of real property, the Grant Recipient and Norad shall agree on the details concerning the ownership and the status of the real property after the end of the Support Period and/or the end of the Project. The agreement may be formalised in the Specific Conditions or in a separate agreement document.
- 10.3 Norad may in such an agreement require i.a. that the real property shall be sold after the end of the Support Period and that the proceeds from the sale shall be repaid to Norad. Norad may also reserve the right to establish security interests in any real property purchased by use of the Grant.

## 11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER

- 11.1 Transfer of all or part of the Grant including assets to a cooperating partner shall be documented through a written agreement. The agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its obligations hereunder.
- 11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:



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- a) both the Grant Recipient, Norad and the Norwegian Auditor General shall have the same access to undertake the control measures related to the cooperating partner's use of the Grant as described in article 6 of the General Conditions,
  - b) the Grant Recipient shall be entitled to claim repayment of the Grant from the cooperating partner in the same instances and to the same extent that Norad is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that Norad has the right to claim repayment directly from the cooperating partner to the same extent as the Grant Recipient,
  - c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in article 24 of the General Conditions in relation to any disputes arising between the cooperating partner and Norad.
- 11.3 The Grant Recipient shall assure itself that the cooperating partner has the necessary competence and internal procedures to meet the requirements of the Agreement and shall follow-up the cooperating partner's compliance with the Agreement throughout the Support Period.
- 11.4 The Grant may not be transferred to a cooperating partner who has previously been charged or sentenced for any criminal activity unless explicitly approved by Norad.
- 11.5 The Grant Recipient shall remain fully responsible towards Norad for any part of the Grant, including assets, that has been transferred to a cooperating partner.

## **12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT**

- 12.1 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to Norad's prior, written approval. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient's organisation.
- 12.2 The following deviations/changes shall always be subject to Norad's prior written approval:
- a) any changes to the Project's sources of income,
  - b) any changes to the results framework or scope of the Project,
  - c) changes to the implementation plan which implies a delay of more than three months of any activity,
  - d) changes to the Project's budget that imply reallocation of more than 10% of a budget line.
- 12.3 Norad may suspend disbursements of the Grant until such changes have been approved.

## **13 EXTENSION OF THE SUPPORT PERIOD**

- 13.1 The Support Period of the Project is set out in the Specific Conditions. The Grant Recipient must, without delay, inform Norad of any circumstances likely to hamper or delay the implementation of the Project.
- 13.2 The Grant Recipient may request an extension of the Support Period if this is necessary to complete all planned activities. The request must state the reasons for the delay and supporting documentation must be enclosed. Norad shall approve or decline the request in writing.

## **14 TRANSPARENCY**

- 14.1 The Grant Recipient shall publish the following in a dedicated and easily accessible place of its internet site:

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- a) a copy of this Agreement;
- b) the title and value of any contracts, cooperation agreements and/or other sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are to be financed by the Grant;
- c) the names and nationalities of the respective agreement parties and, if relevant, any further sub-grantees or contractors in receipt of Project funds;

Any deviations from this article 14 shall be agreed by the Parties in writing, i.a. in the Specific Conditions.

- 14.2 Publication shall take place as soon as possible, and at the latest within six months after the contracts, cooperation agreements and/or other sub-agreements were entered into
- 14.3 The Grant Recipient shall make other project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate interests.

## 15 FINANCIAL IRREGULARITIES

- 15.1 The Grant Recipient is required to practise zero tolerance against corruption and other financial irregularities within and related to the Project. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.

- 15.2 Financial irregularities refers to all kinds of:

- a) corruption, including bribery, nepotism and illegal gratuities;
- b) misappropriation of cash, inventory and all other kinds of assets;
- c) financial and non-financial fraudulent statements;
- d) all other use of Project funds which is not in accordance with the implementation plan and budget.

- 15.3 In order to fulfil the zero tolerance requirement, the Grant Recipient shall:

- a) organise its operations and internal control systems in a way that financial irregularities are prevented and detected;
- b) do its utmost to prevent and stop financial irregularities within and related to the Project;
- c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.

- 15.4 The Grant Recipient shall inform Norad immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide Norad with an account of all the known facts and an assessment of how the matter should be followed up, including whether criminal prosecution or other sanctions are considered appropriate.

- 15.5 The matter will be handled by Norad in accordance with Norad's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with Norad's investigation and follow-up. If requested by Norad, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

- 15.6 Norad may claim repayment of all or parts of the Grant in accordance with article 17 of the General Conditions if it finds that any financial irregularities have taken place in or related to the



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Project. The repayment claim may also include any interest, investment income or any other financial gain obtained as a result of the financial irregularity.

## **16 CONFLICT OF INTEREST**

- 16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.
- 16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.
- 16.3 If a conflict of interest occur, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
- 16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of Norad.

## **17 BREACH OF THE AGREEMENT**

- 17.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, Norad may suspend disbursement of all or part of the Grant.
- 17.2 In the event of material breach of the Agreement, Norad may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant.
- 17.3 Material breach of the Agreement shall include, without limitation, the following situations:
  - a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
  - b) the Grant Recipient has made false or incomplete statements to obtain the Grant,
  - c) the use of the Grant has not been satisfactorily accounted for,
  - d) the Grant Recipient has, after having been granted an extended deadline, failed to provide the agreed reports, or has knowingly provided reports that do not reflect reality,
  - e) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
  - f) the Grant Recipient has failed to inform Norad of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
  - g) the Grant Recipient has changed legal personality without prior notification to Norad,
  - h) the Grant Recipient is bankrupt, being wound up or is having its affairs administered by the courts, or is subject to any analogous or corresponding procedure provided for under national legislation.
- 17.4 The Grant Recipient shall inform Norad immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide Norad with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.
- 17.5 Norad may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between Norad and the Grant Recipient has been established.

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## **18 TERMINATION OF THE AGREEMENT**

- 18.1 Each of the Parties may terminate the Agreement upon a written notice.
- 18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.
- 18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to Norad.
- 18.4 The Grant Recipient shall submit a final report to Norad within three months of the end of the Support Period. The final report shall meet the requirements set out in article 4 of the General Conditions and shall also include a financial report and audit report covering the period from the previous financial report until the end of the Support Period.
- 18.5 The Agreement will be considered terminated when the final report has been approved by Norad and any remaining funds have been repaid.

## **19 WAIVER AND IMMUNITIES**

- 19.1 Nothing in the Agreement or any document related to the Agreement shall imply a waiver, express or implied, by Norad, the Government of Norway or any of its officials of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising thereof. This article 19 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 24 of the General Conditions.

## **20 LIABILITY**

- 20.1 Norad shall not under any circumstances or for any reason be held liable for damage, injury or loss of income sustained by the Grant Recipient or its staff or property as a direct or indirect consequence of the Project. Norad will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.
- 20.2 The Grant Recipient shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the Project. The Grant Recipient shall indemnify Norad against any claim or action from the Grant Recipient's employees or third parties in relation to the Project.

## **21 ASSIGNMENT**

- 21.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of Norad. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.

## **22 RECOGNITION AND PUBLICATION**

- 22.1 The Grant Recipient shall acknowledge Norad's support to the Project in all publications and other materials issued in relation to the Project. Norad's logotype will be provided by Norad upon request. All use of Norad's logotype must be approved by Norad.



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### 23 ENTRY INTO FORCE, DURATION AND AMENDMENT

- 23.1 The Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions of the General Conditions. Whether the obligations of the Agreement shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by Norad in a completion letter.
- 23.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.
- 23.3 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

### 24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

- 24.1 The Agreement shall be governed and construed in accordance with Norwegian law.
- 24.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.
- 24.3 Any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled before the Norwegian courts of law with Oslo District Court as legal venue.
- 24.4 The Grant Recipient accepts that Norad can, at its own sole discretion and as an alternative to the legal venue mentioned above, choose to settle the dispute by
- a) the courts in the legal venue of the Grant Recipient, or
  - b) arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to NOK 10 000 000 the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Stockholm, Sweden, and the language to be used in the arbitral proceedings shall be English. The Parties agree that neither the arbitral proceedings nor the award shall be subject to any confidentiality.
- 24.5 The Parties agree that no other courts of law, than as set out in this article 24, shall have jurisdiction over disputes arising out of or in connection with this Agreement.





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## PART III: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

### 1 INTRODUCTION

- 1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Agency for Development Cooperation (Norad). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.
- 1.2 Norad may carry out ex post checks on the Grant Recipient's compliance with the rules set forth in this Part III.
- 1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for Norad funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.
- 1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).
- 1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient's cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.
- 1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

### 2 BASIC PRINCIPLES

- 2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:

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- a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.
- b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.
- c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.
- d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.
- e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

### 3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;
- c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;



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- e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;
  - f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).
- 3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.
- 3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:
- a) are subject to a conflict of interests;
  - b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

#### 4 GENERAL PROCUREMENT RULES

- 4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.
- 4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.
- 4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.
- 4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
- 4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.



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- 4.6 For contracts with a value exceeding NOK 100 000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by Norad, the Grant Recipient shall deliver its written record to Norad and grant Norad access to all relevant information and documentation related to the procurement procedure and practices applied.

## 5 AWARD OF CONTRACTS

- 5.1 Contracts with a value of less than NOK 500 000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.
- 5.2 Contracts with a value exceeding NOK 500 000 shall be awarded by means of one of the following procurement procedures:
- a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.
  - b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.
  - c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.
- 5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.
- 5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.

## 6 PUBLICATION OF PROCUREMENT NOTICE

- 6.1 The following shall apply with respect to publication of the procurement notice: <sup>1</sup>

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<sup>1</sup> Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.





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- a) **Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000**

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website.

- b) **Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above**

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

## **7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION**

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

- a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;
- b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by Norad;
- c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;
- d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of the Norad so requires.



